

# Commonwealth Investment Funds Financial Report

Year ended 30 June 2008

Represented by:	ARSN
Commonwealth Income Fund	089 461 343
Commonwealth Balanced Fund	089 465 501
Commonwealth Growth Fund	089 455 210
Commonwealth Australian Share Fund	089 463 865
Commonwealth Share Income Fund	089 455 185
Commonwealth Property Securities Fund	089 463 383
Commonwealth International Share Fund	089 456 431
Commonwealth Bond Fund	089 462 813
Commonwealth Cash Management Trust	089 453 449

Colonial First State Investments Limited  
ABN 98 002 348 352 AFSL 232468





# COMMONWEALTH INVESTMENT FUNDS

**Represented by:**

**ARSN**

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**Financial Report for the**

**Year Ended 30 June 2008**

**Responsible Entity of the Funds:**

**COLONIAL FIRST STATE INVESTMENTS LIMITED**

**ABN 98 002 348 352**

Level 29, 52 Martin Place  
SYDNEY NSW 2000

# COMMONWEALTH INVESTMENT FUNDS

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# COMMONWEALTH INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The Directors of Colonial First State Investments Limited (CFSIL), the Responsible Entity of the Commonwealth Investment Funds ("the Funds"), present their report together with the financial report of the Funds for the financial year ended 30 June 2008.

### Change of Auditors

Ernst & Young resigned as auditors and PricewaterhouseCoopers were appointed as auditors of the Funds on 30 November 2007.

### Principal Activities

This financial report consists of nine managed funds belonging to the family of funds known as the Commonwealth Investment Funds. The funds in this financial report are presented as follows:

- Commonwealth Income Fund
- Commonwealth Balanced Fund
- Commonwealth Growth Fund
- Commonwealth Australian Share Fund
- Commonwealth Share Income Fund
- Commonwealth Property Securities Fund
- Commonwealth International Share Fund
- Commonwealth Bond Fund
- Commonwealth Cash Management Trust

The above Funds are closed to new investors. Existing investors in the Funds can, however, make additional lump sum investments or commence or continue a Regular Savings Plan.

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in the Information Memorandum and in accordance with the provisions of the Funds' Constitutions.

### Date of Constitution and Registration of Funds

The dates of the Constitutions and registration of the Funds with the Australian Securities & Investments Commission are 24 May 1988 and 7 October 1999 respectively.

### Review of Operations

The Commonwealth Investment Funds provide investors access to a broad range of investments including money market securities, fixed interest securities, listed property securities, Australian shares, international shares, global resources and diversified investments.

The results of the Funds were as follows:

# COMMONWEALTH INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### Review of Operations (continued)

#### Net Profit Attributable to Unitholders

The following represent the net profit attributable to unitholders for the year ended 30 June 2008, together with comparative figures as at 30 June 2007.

	2008 \$'000	2007 \$'000
Commonwealth Income Fund	6,220	23,170
Commonwealth Balanced Fund	(37,643)	101,973
Commonwealth Growth Fund	(32,647)	55,712
Commonwealth Australian Share Fund	(8,857)	22,353
Commonwealth Share Income Fund	(29,098)	75,543
Commonwealth Property Securities Fund	(38,800)	20,322
Commonwealth International Share Fund	(8,214)	3,486
Commonwealth Bond Fund	1,881	1,590
Commonwealth Cash Management Trust	154,624	163,488

#### Income

The income distributions per unit for each of the Funds for the years ended 30 June 2008 and 30 June 2007 are shown in Note 4 to the financial report.

#### Exit Prices

The exit price is the price at which unitholders realise an entitlement in a Fund and is calculated by deducting a predetermined cost of selling (commonly known as the "sell spread"), if applicable, from the net asset value per unit ("NAV unit price") of a Fund. NAV unit price is calculated by taking the total fair value of all of a fund's assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by unitholders on that day.

The following unit prices represent the ex-distribution exit unit prices as at 30 June 2008, together with comparative unit prices as at 30 June 2007.

	2008 \$	2007 \$
Commonwealth Income Fund	1.02	1.06
Commonwealth Balanced Fund	1.45	1.63
Commonwealth Growth Fund	1.45	1.66
Commonwealth Australian Share Fund	1.46	1.81
Commonwealth Share Income Fund	1.58	1.96
Commonwealth Property Securities Fund	0.82	1.81
Commonwealth International Share Fund	1.22	1.55
Commonwealth Bond Fund	1.12	1.13
Commonwealth Cash Management Trust	1.00	1.00

# COMMONWEALTH INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### Review of Operations (continued)

#### Management Costs and Indirect Cost Ratio (ICR)

Management costs include the investment expenses, custody fees and management fees paid or payable as provided under the Constitution for a Fund. These costs are not paid directly by the unitholders of a Fund and do not include transactions costs and additional service fees.

The ICR of a Fund is expressed as a percentage of a Fund's management costs over the Fund's average net assets.

The ICR of the Funds for the year ended 30 June 2008 and 30 June 2007 are shown in the following table:

	ICR 2008 %	ICR 2007 %
Commonwealth Income Fund	1.23	1.22
Commonwealth Balanced Fund	1.74	1.73
Commonwealth Growth Fund	1.70	1.72
Commonwealth Australian Share Fund	1.76	1.77
Commonwealth Share Income Fund	1.75	1.77
Commonwealth Property Securities Fund	1.74	1.76
Commonwealth International Share Fund	1.79	1.74
Commonwealth Bond Fund	1.25	1.23
Commonwealth Cash Management Trust	0.97	0.93

#### Performance

The Funds' performances set out below assumes that all distributions of income have been reinvested in additional units in the Funds and are net of Responsible Entity fees and ongoing expenses. No allowance has been made for income tax.

	Return % per annum		
	1 Year %	3 Years %	5 Years %
Commonwealth Income Fund	1.61	3.62	5.16
Commonwealth Balanced Fund	(5.85)	3.76	8.66
Commonwealth Growth Fund	(9.22)	2.11	9.34
Commonwealth Australian Share Fund	(10.19)	6.04	16.15
Commonwealth Share Income Fund	(10.29)	6.10	16.11
Commonwealth Property Securities Fund	(43.89)	(17.16)	2.62
Commonwealth International Share Fund	(20.84)	(8.09)	2.99
Commonwealth Bond Fund	3.70	3.08	3.50
Commonwealth Cash Management Trust	6.49	5.99	5.19

# COMMONWEALTH INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### Responsible Entity and Directors

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Grahame Petersen	
Michael John Venter	
Brian Vincent Bissaker	
Paul Rayson	
Peter Robert Winney	
John Robert Dempsey	Resigned 15 January 2008
Bradley Brian Massey	Appointed 21 February 2008

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

### Scheme Information

The Funds are registered managed investment schemes domiciled in Australia and have their principal place of business at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

### Significant Changes in State of Affairs

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

### Matters Subsequent to the End of the Financial Year

No matters or circumstances have arisen since 30 June 2008 that have significantly affected, or may significantly affect:

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

### Likely Developments and Expected Results of Operations

The Funds are expected to continue to operate in terms of their Constitutions, and will remain invested in accordance with their investment objectives and guidelines.

At the time of preparing this report the Responsible Entity is not aware of any likely developments which would impact upon the future operations of the Funds.



# COMMONWEALTH INVESTMENT FUNDS

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

### **Indemnification and Insurance Premiums for Officers and auditors**

No insurance premiums are paid for out of the assets of the Fund in relation to insurance cover provided to Colonial First State Investments Limited or the auditors of the Fund. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

The Commonwealth Bank of Australia has paid insurance premiums for the benefit of the officers of the Responsible Entity and the Compliance Committee members. Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the insurance contracts.

### **Fees Paid to and Interest Held in the Funds by the Responsible Entity or its Associates**

Fees paid to the Responsible Entity and its associates out of the Funds' assets during the year are disclosed in the Income Statements.

No fees were paid to the Directors of the Responsible Entity during the year out of the Funds' assets.

There are no interests in the Funds held by the Responsible Entity or its associates at the end of the financial year .

### **Interests in the Funds**

The units issued and redeemed in the Funds during the year and the number of units on issue at the end of the financial year are set out in Note 6(a) to the financial statements. The value of the Funds' assets at the end of the financial year are set out in the Balance Sheets.

### **Environmental Regulation**

The Funds' operations are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Funds.

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

The Fund is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### **Single Financial Report**

The Funds are of the kind referred to in Class Order 06/0441 dated 29 June 2006 and in accordance with that Class Order, Funds with a common Responsible Entity can include the financial statements in adjacent columns in a single financial report.

Proceed from redeeming units in Commonwealth Cash Management Trust can be applied to acquire units in all the other Funds. Proceeds from redeeming units in the other Funds can be applied to acquire units in the Commonwealth Cash Management Trust only.

**COMMONWEALTH INVESTMENT FUNDS**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2008**

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on Page 7.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.

A handwritten signature in black ink, appearing to read 'Bradley Massey', written in a cursive style.

Bradley Brian Massey  
Director  
Sydney  
4 September 2008

## Auditor's independence declaration

As lead auditor for the audit of Commonwealth Investment Funds for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Commonwealth Investment Funds during the year.



AJ Wilson  
Partner  
PricewaterhouseCoopers

Sydney  
4 September 2008

**COMMONWEALTH INVESTMENT FUNDS**

**INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Investment income</b>							
Interest income		13,627	14,945	436	367	3,238	3,381
Distribution income		6,515	8,032	36,078	67,106	6,269	11,262
Dividend Income		1,426	1,976	-	-	5,168	5,676
Changes in fair value of financial instruments held for trading		(11,547)	2,671	(65,481)	44,017	(42,037)	41,489
Other income		10	17	16	28	9	28
Responsible Entity fees rebate		535	636	2,322	2,484	940	1,013
Net foreign exchange (loss)/gain		(1)	1	-	-	-	5
<b>Total investment income/(loss)</b>		<b>10,565</b>	<b>28,278</b>	<b>(26,629)</b>	<b>114,002</b>	<b>(26,413)</b>	<b>62,854</b>
<b>Expenses</b>							
Audit fees		10	8	10	8	10	8
Responsible Entity's management fees	8(c)	3,695	4,368	9,889	10,861	5,383	6,095
Registry fees		538	498	1,034	915	540	457
Custody fees		11	13	-	-	12	12
Other expenses		46	136	81	245	49	130
Brokerage costs		45	85	-	-	240	440
<b>Total operating expenses</b>		<b>4,345</b>	<b>5,108</b>	<b>11,014</b>	<b>12,029</b>	<b>6,234</b>	<b>7,142</b>
<b>Operating profit/(loss) attributable to unitholders</b>		<b>6,220</b>	<b>23,170</b>	<b>(37,643)</b>	<b>101,973</b>	<b>(32,647)</b>	<b>55,712</b>
Distributions to unitholders	4	(18,833)	(29,016)	(33,341)	(104,994)	(13,940)	(61,579)
Decrease in net assets attributable to unitholders from operations	6(a)	12,613	5,846	70,984	3,021	46,587	5,867
<b>Profit/(Loss) for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above Income Statements should be read in conjunction with the accompanying notes.

## COMMONWEALTH INVESTMENT FUNDS

### INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Investment income</b>							
Interest income		597	193	2,052	629	58	49
Distribution income		716	1,358	2,336	4,603	-	-
Dividend Income		2,710	3,197	8,937	10,853	4,135	5,557
Changes in fair value of financial instruments held for trading		(11,249)	19,402	(37,047)	65,555	(41,715)	16,540
Other income		3	6	13	7	26	9
Responsible Entity fees rebate		61	72	200	246	-	-
Net foreign exchange gain		2	2	8	8	-	-
<b>Total investment income/(loss)</b>		(7,160)	24,230	(23,501)	81,901	(37,496)	22,155
<b>Expenses</b>							
Audit fees		10	8	10	8	10	8
Responsible Entity's management fees	8(c)	1,408	1,530	4,670	5,175	1,136	1,607
Registry fees		135	140	455	465	102	152
Custody fees		6	5	13	14	4	5
Other expenses		17	31	39	104	15	34
Brokerage costs		121	163	410	592	37	27
<b>Total operating expenses</b>		1,697	1,877	5,597	6,358	1,304	1,833
<b>Operating (loss)/profit attributable to unitholders</b>		(8,857)	22,353	(29,098)	75,543	(38,800)	20,322
Distributions to unitholders	4	(10,414)	(20,152)	(35,482)	(68,874)	(12,037)	(16,010)
Decrease/(Increase) in net assets attributable to unitholders from operations	6(a)	19,271	(2,201)	64,580	(6,669)	50,837	(4,312)
<b>Profit/(Loss) for the year</b>		-	-	-	-	-	-

The above Income Statements should be read in conjunction with the accompanying notes.

**COMMONWEALTH INVESTMENT FUNDS**

**INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	Commonwealth International Share Fund		Commonwealth Bond Fund		Commonwealth Cash Management Trust	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Investment income</b>							
Interest income		52	48	3,200	3,729	185,480	192,212
Distribution income		469	743	-	-	-	-
Changes in fair value of financial instruments held for trading		(8,310)	3,286	(694)	(1,390)	(6,238)	(389)
Other income		-	1	2	5	-	1
Responsible Entity fees rebate		218	288	-	-	-	-
<b>Total investment income/(loss)</b>		<b>(7,571)</b>	<b>4,366</b>	<b>2,508</b>	<b>2,344</b>	<b>179,242</b>	<b>191,824</b>
<b>Expenses</b>							
Audit fees		10	7	10	7	10	8
Responsible Entity's management fees	8(c)	562	785	522	650	19,584	23,447
Registry fees		56	71	78	74	4,240	4,116
Custody fees		-	-	3	3	129	143
Other expenses		15	17	13	20	617	602
Brokerage costs		-	-	1	-	38	20
<b>Total operating expenses</b>		<b>643</b>	<b>880</b>	<b>627</b>	<b>754</b>	<b>24,618</b>	<b>28,336</b>
<b>Operating (loss)/profit attributable to unitholders</b>		<b>(8,214)</b>	<b>3,486</b>	<b>1,881</b>	<b>1,590</b>	<b>154,624</b>	<b>163,488</b>
Distributions to unitholders	4	(188)	(177)	(2,293)	(2,276)	(160,179)	(163,730)
Decrease/(Increase) in net assets attributable to unitholders from operations	6(a)	8,402	(3,309)	412	686	5,555	242
<b>Profit/(Loss) for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above Income Statements should be read in conjunction with the accompanying notes.

**COMMONWEALTH INVESTMENT FUNDS**

**BALANCE SHEETS  
AS AT 30 JUNE 2008**

	Notes	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
		30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Assets</b>							
Cash and cash equivalents		5,152	5,789	5,550	8,778	2,543	6,811
Trade and other receivables:							
- outstanding sales settlement		6,159	-	5,000	-	3,156	12,185
- application monies		2	3	7	110	4	127
- dividends		168	210	795	1,289	938	3,071
- interests		58	95	26	45	12	54
- others		141	150	296	343	263	242
Financial assets held for trading	5	300,109	389,270	570,729	743,580	296,744	387,488
<b>Total assets</b>		<b>311,789</b>	<b>395,517</b>	<b>582,403</b>	<b>754,145</b>	<b>303,660</b>	<b>409,978</b>
<b>Liabilities</b>							
Trade and other payables:							
- outstanding purchase settlements		281	1,666	-	-	1,804	13,371
- redemptions		106	433	271	297	201	99
- others		174	316	650	781	130	106
Distribution payable		4,385	8,432	6,368	56,712	1,924	35,199
Fees due to Responsible Entity	8(c)	840	1,064	2,286	2,771	1,210	1,525
Financial liabilities held for trading:							
- derivatives	5	84	51	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>5,870</b>	<b>11,962</b>	<b>9,575</b>	<b>60,561</b>	<b>5,269</b>	<b>50,300</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>305,919</b>	<b>383,555</b>	<b>572,828</b>	<b>693,584</b>	<b>298,391</b>	<b>359,678</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		306,118	383,983	572,586	693,162	298,376	359,461
Adjustments arising from different unit pricing and AIFRS valuation principles		(231)	(346)	-	-	(287)	(347)
Buy and sell spread		153	192	-	-	448	540
Adjustments to year end accruals		(121)	(274)	242	422	(146)	24
<b>Net assets attributable to unitholders</b>		<b>305,919</b>	<b>383,555</b>	<b>572,828</b>	<b>693,584</b>	<b>298,391</b>	<b>359,678</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

**COMMONWEALTH INVESTMENT FUNDS**

**BALANCE SHEETS  
AS AT 30 JUNE 2008**

	Notes	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
		30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Assets</b>							
Cash and cash equivalents		4,913	7,165	16,253	23,833	2,367	2,253
Trade and other receivables:							
- outstanding sales settlement		634	-	2,418	-	129	3,563
- application monies		10	-	-	100	13	-
- dividends		431	493	1,448	1,622	897	1,500
- interests		24	11	87	59	4	6
- others		158	81	175	214	56	62
Financial assets held for trading	5	70,080	96,897	235,618	323,185	39,716	96,125
<b>Total assets</b>		<b>76,250</b>	<b>104,647</b>	<b>255,999</b>	<b>349,013</b>	<b>43,182</b>	<b>103,509</b>
<b>Liabilities</b>							
Trade and other payables:							
- outstanding purchase settlements		357	638	923	2,120	-	2,169
- redemptions		143	39	-	5	-	-
- others		145	110	201	283	87	121
Distribution payable		396	10,152	2,184	20,419	3,749	9,990
Fees due to Responsible Entity	8(c)	330	426	1,110	1,416	209	439
Financial liabilities held for trading:							
- derivatives	2	185	120	702	372	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>1,556</b>	<b>11,485</b>	<b>5,120</b>	<b>24,615</b>	<b>4,045</b>	<b>12,719</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>74,694</b>	<b>93,162</b>	<b>250,879</b>	<b>324,398</b>	<b>39,137</b>	<b>90,790</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		74,597	93,033	250,509	323,988	39,224	90,897
Adjustments arising from different unit pricing and AIFRS valuation principles		(203)	(172)	(449)	(573)	(150)	(325)
Buy and sell spread		262	327	880	1,138	98	228
Adjustments to year end accruals		38	(26)	(61)	(155)	(35)	(10)
<b>Net assets attributable to unitholders</b>		<b>74,694</b>	<b>93,162</b>	<b>250,879</b>	<b>324,398</b>	<b>39,137</b>	<b>90,790</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.



**COMMONWEALTH INVESTMENT FUNDS**

**BALANCE SHEETS  
AS AT 30 JUNE 2008**

	Notes	Commonwealth International Share Fund		Commonwealth Bond Fund		Commonwealth Cash Management Trust	
		30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Assets</b>							
Cash and cash equivalents		783	907	1,714	457	29,443	49,513
Trade and other receivables:							
- outstanding sales settlement		68	-	-	-	-	-
- application monies		-	-	21	-	5,032	7,916
- interests		5	3	20	1	147	79
- others		19	29	21	27	779	626
Financial assets held for trading	5	27,728	44,340	44,662	55,680	2,219,617	2,682,398
<b>Total assets</b>		<b>28,603</b>	<b>45,279</b>	<b>46,438</b>	<b>56,165</b>	<b>2,255,018</b>	<b>2,740,532</b>
<b>Liabilities</b>							
Trade and other payables:							
- redemptions		15	15	-	4	7,772	7,669
- interest on loans		-	-	-	1	-	-
- others		47	27	46	40	1,172	1,071
Distribution payable		188	102	577	232	39,125	38,040
Fees due to Responsible Entity	8(c)	79	173	128	160	4,789	5,917
Financial liabilities held for trading:							
- derivatives	5	-	-	-	-	10	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>329</b>	<b>317</b>	<b>751</b>	<b>437</b>	<b>52,868</b>	<b>52,697</b>
<b>Net assets attributable to unitholders - liability</b>	6(a)	<b>28,274</b>	<b>44,962</b>	<b>45,687</b>	<b>55,728</b>	<b>2,202,150</b>	<b>2,687,835</b>
<b>Represented by:</b>							
Fair value of outstanding units based on redemption value		28,278	44,957	45,753	55,802	2,205,969	2,686,099
Adjustments arising from different unit pricing and AIFRS valuation principles		-	-	(32)	(48)	(153)	(319)
Buy and sell spread		14	22	-	-	-	-
Adjustments to year end accruals		(18)	(17)	(34)	(26)	(3,666)	2,055
<b>Net assets attributable to unitholders</b>		<b>28,274</b>	<b>44,962</b>	<b>45,687</b>	<b>55,728</b>	<b>2,202,150</b>	<b>2,687,835</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

## COMMONWEALTH INVESTMENT FUNDS

### STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-	-	-	-	-
Profit or loss for the year	-	-	-	-	-	-
Net income/(expense) recognised directly in equity						
<b>Total recognised income and expenses for the year</b>	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
<b>Total equity at the end of the financial year</b>	-	-	-	-	-	-

Under AIRFS, 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 Statements of Changes in Equity should be read in conjunction with Note 6(a).

## COMMONWEALTH INVESTMENT FUNDS

### STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-	-	-	-	-
Profit or loss for the year	-	-	-	-	-	-
Net income/(expense) recognised directly in equity						
<b>Total recognised income and expenses for the year</b>	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
<b>Total equity at the end of the financial year</b>	-	-	-	-	-	-

Under AIRFS, 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 Statements of Changes in Equity should be read in conjunction with Note 6(a).

**COMMONWEALTH INVESTMENT FUNDS**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

	Commonwealth International Share Fund		Commonwealth Bond Fund		Commonwealth Cash Management Trust	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Total equity at the beginning of the financial year</b>	-	-	-	-	-	-
Profit or loss for the year	-	-	-	-	-	-
Net income/(expense) recognised directly in equity						
<b>Total recognised income and expenses for the year</b>	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
<b>Total equity at the end of the financial year</b>	-	-	-	-	-	-

Under AIRFS, 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 Statements of Changes in Equity should be read in conjunction with Note 6(a).

**COMMONWEALTH INVESTMENT FUNDS**

**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		536,276	424,718	205,650	276,855	314,078	380,998
Payments for purchase of financial instruments held for trading		(459,866)	(359,677)	(70,300)	(161,700)	(260,021)	(315,237)
Interest received		14,225	15,493	455	344	3,483	3,330
Dividends received		1,114	1,849	3,590	6,341	5,480	5,950
Other income received		9	16	16	28	8	28
Responsible Entity fee paid		(3,375)	(3,840)	(7,999)	(8,241)	(4,711)	(5,128)
Other expenses paid		(740)	(493)	(1,177)	(1,107)	(549)	(691)
Payment for brokerage costs		(45)	(85)	-	-	(240)	(440)
<b>Net cash from operating activities</b>	7(a)	87,598	77,981	130,235	112,520	57,528	68,810
<b>Cash flows from financing activities</b>							
Receipts from issue of units		6,790	9,385	9,113	16,459	8,205	11,632
Payment for redemption of units		(83,876)	(75,167)	(122,380)	(114,270)	(64,057)	(70,862)
Distributions paid		(11,149)	(12,298)	(20,196)	(17,067)	(5,944)	(7,231)
<b>Net cash used in financing activities</b>		(88,235)	(78,080)	(133,463)	(114,878)	(61,796)	(66,461)
<b>Net movement in cash and cash equivalents</b>		(637)	(99)	(3,228)	(2,358)	(4,268)	2,349
Add opening cash and cash equivalents brought forward		5,789	5,888	8,778	11,136	6,811	4,462
<b>Closing cash and cash equivalents carried forward</b>		5,152	5,789	5,550	8,778	2,543	6,811

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

**COMMONWEALTH INVESTMENT FUNDS**

**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		51,098	76,519	172,601	270,685	30,701	21,438
Payments for purchase of financial instruments held for trading		(34,785)	(60,058)	(120,195)	(200,207)	(11,702)	(7,839)
Interest received		583	192	2,025	605	60	47
Dividends received		1,895	2,793	6,282	9,596	1,699	1,602
Other income received		3	5	13	6	25	7
Responsible Entity fee paid		(1,526)	(1,437)	(4,736)	(4,872)	(1,360)	(1,550)
Other expenses paid		(149)	(200)	(576)	(526)	(113)	(214)
Payment for brokerage costs		(121)	(163)	(410)	(592)	(42)	(27)
<b>Net cash from operating activities</b>	7(a)	16,998	17,651	55,004	74,695	19,268	13,464
<b>Cash flows from financing activities</b>							
Receipts from issue of units		1,334	2,402	5,470	5,873	636	2,500
Payment for redemption of units		(17,411)	(12,079)	(45,229)	(36,863)	(13,093)	(10,792)
Distributions paid		(3,173)	(2,650)	(22,825)	(26,234)	(6,697)	(3,859)
<b>Net cash used in financing activities</b>		(19,250)	(12,327)	(62,584)	(57,224)	(19,154)	(12,151)
<b>Net movement in cash and cash equivalents</b>		(2,252)	5,324	(7,580)	17,471	114	1,313
Add opening cash and cash equivalents brought forward		7,165	1,841	23,833	6,362	2,253	940
<b>Closing cash and cash equivalents carried forward</b>		4,913	7,165	16,253	23,833	2,367	2,253

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

**COMMONWEALTH INVESTMENT FUNDS**

**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Commonwealth International Share Fund		Commonwealth Bond Fund		Commonwealth Cash Management Trust	
		1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments held for trading		8,782	13,650	63,867	84,791	9,335,213	20,479,653
Payments for purchase of financial instruments held for trading		(549)	-	(53,720)	(74,581)	(8,869,383)	(19,915,468)
Interest received		50	50	3,356	3,866	176,136	189,336
Dividends received		469	-	-	-	-	-
Other income received		-	1	1	5	-	-
Responsible Entity fee paid		(429)	(520)	(547)	(678)	(20,864)	(24,073)
Other expenses paid		(55)	(114)	(94)	(100)	(4,775)	(5,173)
Payment for brokerage costs		-	-	(1)	-	(38)	(20)
<b>Net cash from operating activities</b>	7(a)	8,268	13,067	12,862	13,303	616,289	724,255
<b>Cash flows from financing activities</b>							
Receipts from issue of units		627	931	104	191	1,197,055	1,505,848
Payment for redemption of units		(8,994)	(14,059)	(10,446)	(11,829)	(1,815,512)	(2,196,505)
Distributions paid		(25)	(43)	(1,263)	(1,486)	(17,902)	(18,363)
<b>Net cash used in financing activities</b>		(8,392)	(13,171)	(11,605)	(13,124)	(636,359)	(709,020)
<b>Net movement in cash and cash equivalents</b>		(124)	(104)	1,257	179	(20,070)	15,235
Add opening cash and cash equivalents brought forward		907	1,011	457	278	49,513	34,278
<b>Closing cash and cash equivalents carried forward</b>		783	907	1,714	457	29,443	49,513

See Note 7(b) for non-cash financing activities.

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Funds' Constitutions and the requirements of the Corporations Act 2001, which includes Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for the valuation of certain investments in financial assets and liabilities, which have been measured at fair value or amortised cost. These are described in more detail in Note 1(c).

The Balance Sheets are 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 settled within twelve months, except for financial assets held for trading, loans and net assets attributable to unitholders. The amounts expected to be recovered or settled after more than twelve months in relation to these balances cannot be reliably determined, except as otherwise stated.

The financial report was authorised for issue by the Directors of the Responsible Entity on 29 August 2008.

Both the functional and presentation currency of the Funds is Australian dollars.

#### (b) Statement of Compliance

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

#### (c) Investments in Financial Assets and Liabilities Held for Trading

##### *Classification*

The Funds' investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the income statement.

##### *Recognition/Derecognition*

The Funds recognise 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.

The derecognition of a financial instrument takes place when the Funds no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

##### *Measurement*

After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

For financial assets held for trading 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 balance date.

Share price index (SPI) futures contracts are marked to market according to the bid price on the relevant futures exchange.



# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Investments in Financial Assets and Liabilities Held for Trading (continued)

##### *Measurement (continued)*

Convertible notes have been recognised as fixed interest securities in the Balance Sheet. Upon expiry of the note, if it is converted to shares, the fair value is recognised as listed equity.

For financial liabilities from the short sales of financial instruments that are actively traded in organised financial markets, fair value is determined by reference to Exchange quoted market ask prices at the close of business on the Balance Sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantively the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. The fair value of units in unlisted Managed Investment Schemes is determined by reference to published bid prices at the close of business on the Balance Sheet date being the redemption price as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Income Statements. Investments of the Funds which are considered to be held for trading are equity securities and derivatives.

#### (d) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Funds and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

##### *Dividend and Distribution income*

Income is recognised when the right to receive the payment is established.

##### *Interest income*

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### *Changes in the fair value of financial assets and liabilities held for trading*

Gains or losses on financial assets and liabilities held for trading are calculated as the difference between the fair value at sale, or during the year/period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

#### (e) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheets comprise cash at bank, deposits at call with futures clearing house and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

#### (g) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Funds.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

#### (h) Taxation

Under current legislation, the Funds are not subject to income tax provided the unitholders are presently entitled to the income of the Funds and the Funds fully distribute their taxable income.

#### (i) Distributions

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each month, quarter or half-year. Such distributions are determined by reference to the taxable income of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

#### (j) Foreign Currency

##### Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheets date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the profit or loss in the period in which they arise.

##### Foreign Currency Translations

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

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

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Unit Prices

Unit prices are determined in accordance with the Funds' Constitutions and are calculated as the net assets attributable to unitholders, or unitholders' funds of the Fund, less estimated costs, divided by the number of units on issue. Financial assets and liabilities held for trading for unit pricing purposes are valued on a "last sale" price basis.

#### (l) Terms and Conditions on Units

Each unit issued confers upon the unitholder an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution 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.

#### (m) Net Assets Attributable to Unitholders

Under AASB 132 "Financial Instruments: Disclosure and Presentation", contractual obligations are regarded as liabilities. As unitholders have the ability to redeem units from the Funds, all net assets attributable to unitholders have been recognised as liabilities of the Funds, rather than as equity. The classification of net assets attributable to unitholders does not alter the underlying economic interest of the unitholders in the net assets and net profit attributable to unitholders of the Funds.

#### (n) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows arising from financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (o) Expense Recognition

Expenses are recognised in the Income Statements when the Funds have a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Income Statements if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheets.

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Use of estimates

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

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

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

#### (q) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The impact of these new standards and interpretations is set below:

- AASB 8 "*Operating Segments*" and AASB 2007-3 "*Amendments to Australian Accounting Standards*" arising from AASB 8.

AASB 8 and AASB 2007-3 are effective for annual reporting periods beginning on or after 1 January 2009. The Funds have not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but may affect the segment disclosures provided in Note 8.

- Revised AASB 101 "*Presentation of Financial Statements Revised*" and AASB 2007-8 "*Amendments to Australian Accounting Standards*" arising from AASB 101.

AASB 101 (Revised) is applicable to annual reporting beginning on or after 1 January 2009. The Fund has not adopted this standard early. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity will not affect any amounts recognised in the financial statements. If a Fund has made a prior period adjustment or has re-classified items in the financial statement, it will need to disclose a third Balance Sheet, this one being at the beginning of the comparative period.

- 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).

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Funds have not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Funds are obligated to distribute all of its taxable income in accordance with the Fund's Constitution. Accordingly, there will be no change to classification of unitholders' funds as a liability and therefore no impact on profit or loss and equity.

## COMMONWEALTH INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 2. AUDITOR'S REMUNERATION

Auditor's remuneration, as disclosed in the Income Statements, in respect of auditing the financial report are fully borne by the Funds.

Other services provided by the auditors are the audit of the compliance plan of the Funds and tax compliance services. The auditors' non-audit remuneration is not paid by the Funds.

#### 3. INTEREST INCOME

The following tables show the average interest rates earned by the Funds.

The average interest rate for cash and cash equivalents is calculated by dividing the total interest earned for the year by the average daily balances invested. The average interest rates for money market securities and fixed interest securities are calculated by dividing the total interest earned for the year by the average monthly balances invested.

	Commonwealth Income Fund					
	2008			2007		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Cash and cash equivalents	8,544	378	4.42%	3,918	162	4.13%
Fixed interest securities	213,482	13,249	6.21%	293,105	14,783	5.04%
	222,026	13,627		297,023	14,945	

	Commonwealth Growth Fund					
	2008			2007		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Cash and cash equivalents	4,567	245	5.36%	4,015	188	4.67%
Fixed interest securities	48,117	2,993	6.22%	52,257	3,193	6.11%
	52,684	3,238		56,272	3,381	

	Commonwealth Bond Fund					
	2008			2007		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Cash and cash equivalents	3,071	157	5.11%	1,110	63	5.65%
Money market securities	-	-	-	1,009	51	5.08%
Fixed interest securities	59,298	3,043	5.13%	70,691	3,615	5.11%
	62,369	3,200		72,810	3,729	

	Commonwealth Cash Management Trust					
	2008			2007		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Cash and cash equivalents	37,964	1,879	4.95%	37,374	1,757	4.70%
Money market securities	2,494,772	183,601	7.36%	2,985,632	190,455	6.38%
	2,532,736	185,480		3,023,006	192,212	

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 4. DISTRIBUTIONS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represent the component of the final distribution for the year which had not been paid at balance date.

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) or income rates during the year were:

Period ended	Commonwealth Income Fund				Commonwealth Balanced Fund			
	2008		2007		2008		2007	
	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000
- 30 September	1.36	4,946	1.86	7,489	0.77	3,390	1.21	5,405
- 31 December	1.61	5,625	1.91	7,463	4.16	17,813	5.34	23,327
- 31 March	1.11	3,735	1.43	5,477	1.36	5,682	4.46	19,326
- 30 June	1.46	4,527	2.33	8,587	1.62	6,456	13.35	56,936
		18,833		29,016		33,341		104,994

Period ended	Commonwealth Growth Fund				Commonwealth Australian Share Fund			
	2008		2007		2008		2007	
	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000
- 31 December	5.35	11,951	11.05	25,186	18.63	9,996	18.85	9,701
- 30 June	0.94	1,989	16.45	36,393	0.78	418	19.96	10,451
		13,940		61,579		10,414		20,152

Period ended	Commonwealth Share Income Fund				Commonwealth Property Securities Fund			
	2008		2007		2008		2007	
	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000
- 30 September	9.98	16,882	9.50	15,740	n/a	n/a	n/a	n/a
- 31 December	9.80	16,366	10.63	17,684	15.03	8,052	11.08	5,761
- 31 March	-	-	8.82	14,763	n/a	n/a	n/a	n/a
- 30 June	1.37	2,234	12.41	20,687	7.87	3,985	20.02	10,249
		35,482		68,874		12,037		16,010

Period ended	Commonwealth International Share Fund				Commonwealth Bond Fund			
	2008		2007		2008		2007	
	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000	cpu*	\$'000
- 30 September	n/a	n/a	n/a	n/a	0.88	419	1.30	747
- 31 December	-	-	0.22	75	1.15	525	1.23	672
- 31 March	n/a	n/a	n/a	n/a	1.71	755	1.18	620
- 30 June	0.81	188	0.35	102	1.41	594	0.47	237
		188		177		2,293		2,276

\* Cents per unit (cpu) is calculated based on the unit days distribution rate multiplied by the number of days in the distribution period. The amount to be distributed does not include income paid on redemption.

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**4. DISTRIBUTIONS (continued)**

Period ended	Commonwealth Cash Management Trust**			
	2008		2007	
	Rate***	\$'000	Rate***	\$'000
- 30 September	5.66%	38,743	5.14%	41,676
- 31 December	6.15%	40,847	5.35%	42,077
- 31 March	6.40%	40,213	5.47%	40,736
- 30 June	6.99%	40,376	5.49%	39,241
		160,179		163,730

\*\* The Commonwealth Cash Management Trust calculates and accrues income on a daily basis on account balances. Income is distributed at the end of each quarter.

\*\*\* Annualised rate.

## COMMONWEALTH INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 5. INVESTMENTS IN FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Listed Equities</b>						
- Australian stock exchange	30,718	41,518	-	-	120,157	142,965
- International stock exchanges	479	763	-	-	2,028	4,987
<b>Total Listed Equities</b>	<b>31,197</b>	<b>42,281</b>	<b>-</b>	<b>-</b>	<b>122,185</b>	<b>147,952</b>
<b>Managed Investment Schemes</b>						
- Related Managed Investment Schemes	89,766	120,914	570,729	743,580	132,699	186,422
<b>Total Managed Investment Schemes</b>	<b>89,766</b>	<b>120,914</b>	<b>570,729</b>	<b>743,580</b>	<b>132,699</b>	<b>186,422</b>
<b>Domestic Fixed Interest</b>						
- Government Bonds	40,795	20,179	-	-	7,979	4,703
- Semi-Govt Bonds	33,229	85,197	-	-	12,628	24,350
- Govt Guaranteed Bonds	-	-	-	-	-	-
- Debentures	105,122	120,699	-	-	21,253	24,061
<b>Total Fixed Interest</b>	<b>179,146</b>	<b>226,075</b>	<b>-</b>	<b>-</b>	<b>41,860</b>	<b>53,114</b>
<b>Derivatives</b>						
- Futures	(84)	(51)	-	-	-	-
<b>Total Derivatives</b>	<b>(84)</b>	<b>(51)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Investments in Financial Assets and Liabilities</b>	<b>300,025</b>	<b>389,219</b>	<b>570,729</b>	<b>743,580</b>	<b>296,744</b>	<b>387,488</b>

	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Listed Equities</b>						
- Australian stock exchange	64,532	86,826	216,978	289,150	39,716	96,125
- International stock exchanges	1,252	1,991	4,211	6,638	-	-
<b>Total Listed Equities</b>	<b>65,784</b>	<b>88,817</b>	<b>221,189</b>	<b>295,788</b>	<b>39,716</b>	<b>96,125</b>
<b>Managed Investment Schemes</b>						
- Related Managed Investment Schemes	4,296	8,080	14,429	27,397	-	-
<b>Total Managed Investment Schemes</b>	<b>4,296</b>	<b>8,080</b>	<b>14,429</b>	<b>27,397</b>	<b>-</b>	<b>-</b>
<b>Derivatives</b>						
- Futures	(185)	(120)	(702)	(372)	-	-
<b>Total Derivatives</b>	<b>(185)</b>	<b>(120)</b>	<b>(702)</b>	<b>(372)</b>	<b>-</b>	<b>-</b>
<b>Total Investments in Financial Assets and Liabilities</b>	<b>69,895</b>	<b>96,777</b>	<b>234,916</b>	<b>322,813</b>	<b>39,716</b>	<b>96,125</b>



**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**5. INVESTMENTS IN FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (continued)**

	Commonwealth International Share Fund		Commonwealth Bond Fund		Commonwealth Cash Management Trust	
	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000	30/06/2008 \$'000	30/06/2007 \$'000
<b>Managed Investment Schemes</b> - Related Managed Investment Schemes	27,728	44,340	-	-	-	-
Total Managed Investment Schemes	27,728	44,340	-	-	-	-
<b>Money Market Securities</b> - Bank Accepted Bills - Promissory Notes - Negotiable Certificate of Deposit - Floating Rate Notes	- - - -	- - - -	- - - -	- - - 1,017	113,684 761,072 995,825 349,036	58,234 721,219 1,433,886 469,014
Total Money Market Securities	-	-	-	1,017	2,219,617	2,682,353
<b>Domestic Fixed Interest</b> - Government Bonds - Semi-Govt Bonds - Govt Guaranteed Bonds - Debentures	- - - -	- - - -	6,233 17,395 - 21,032	4,661 23,983 - 26,019	- - - -	- - - -
Total Fixed Interest	-	-	44,660	54,663	-	-
<b>Derivatives</b> - Futures	-	-	2	-	(10)	45
Total Derivatives	-	-	2	-	(10)	45
<b>Total Investments in Financial Assets and Liabilities</b>	27,728	44,340	44,662	55,680	2,219,607	2,682,398

## COMMONWEALTH INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

#### 6. MOVEMENT IN NUMBER OF UNITS ATTRIBUTABLE TO UNITHOLDERS

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

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

	<b>Commonwealth Income Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	363,035	383,555	412,576	442,521
Applications	6,468	6,789	8,528	9,363
Redemptions	(80,339)	(83,543)	(70,248)	(75,487)
Units issued upon reinvestment of distributions	11,140	11,731	12,179	13,004
Decrease in net assets attributable to unitholders from operations	-	(12,613)	-	(5,846)
<b>Closing Balance</b>	<b>300,304</b>	<b>305,919</b>	<b>363,035</b>	<b>383,555</b>

	<b>Commonwealth Balanced Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	426,487	693,584	454,136	744,083
Applications	5,536	9,015	9,256	16,478
Redemptions	(77,380)	(122,276)	(66,729)	(114,554)
Units issued upon reinvestment of distributions	38,904	63,489	29,824	50,598
Decrease in net assets attributable to unitholders from operations	-	(70,984)	-	(3,021)
<b>Closing Balance</b>	<b>393,547</b>	<b>572,828</b>	<b>426,487</b>	<b>693,584</b>

	<b>Commonwealth Growth Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	215,985	359,678	228,889	387,777
Applications	5,550	8,087	6,720	11,696
Redemptions	(40,606)	(64,057)	(41,012)	(70,482)
Units issued upon reinvestment of distributions	24,567	41,270	21,388	36,554
Decrease in net assets attributable to unitholders from operations	-	(46,587)	-	(5,867)
<b>Closing Balance</b>	<b>205,496</b>	<b>298,391</b>	<b>215,985</b>	<b>359,678</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**6. MOVEMENT IN NUMBER OF UNITS ATTRIBUTABLE TO UNITHOLDERS (continued)**

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

	<b>Commonwealth Australian Share Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	51,331	93,162	49,763	88,366
Applications	773	1,339	1,263	2,375
Redemptions	(10,521)	(17,533)	(6,633)	(12,112)
Units issued upon reinvestment of distributions	9,571	16,997	6,938	12,332
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(19,271)	-	2,201
<b>Closing Balance</b>	<b>51,154</b>	<b>74,694</b>	<b>51,331</b>	<b>93,162</b>

	<b>Commonwealth Share Income Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	165,102	324,398	163,941	315,595
Applications	2,762	5,371	2,987	5,939
Redemptions	(24,773)	(45,202)	(18,845)	(36,823)
Units issued upon reinvestment of distributions	15,873	30,892	17,019	33,018
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(64,580)	-	6,669
<b>Closing Balance</b>	<b>158,964</b>	<b>250,879</b>	<b>165,102</b>	<b>324,398</b>

	<b>Commonwealth Property Securities Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	50,232	90,790	51,227	88,562
Applications	453	650	1,342	2,499
Redemptions	(10,370)	(13,046)	(5,652)	(10,793)
Units issued upon reinvestment of distributions	7,467	11,580	3,315	6,210
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(50,837)	-	4,312
<b>Closing Balance</b>	<b>47,782</b>	<b>39,137</b>	<b>50,232</b>	<b>90,790</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**6. MOVEMENT IN NUMBER OF UNITS ATTRIBUTABLE TO UNITHOLDERS (continued)+C35**

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

	<b>Commonwealth International Share Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	28,999	44,962	37,515	54,720
Applications	402	629	557	884
Redemptions	(6,252)	(8,991)	(9,158)	(14,077)
Units issued upon reinvestment of distributions	50	76	85	126
(Decrease)/Increase in net assets attributable to unitholders from operations	-	(8,402)	-	3,309
<b>Closing Balance</b>	<b>23,199</b>	<b>28,274</b>	<b>28,999</b>	<b>44,962</b>

	<b>Commonwealth Bond Fund</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	49,457	55,728	58,895	67,195
Applications	109	125	166	193
Redemptions	(9,248)	(10,439)	(10,350)	(11,828)
Units issued upon reinvestment of distributions	602	685	746	854
Decrease in net assets attributable to unitholders from operations	-	(412)	-	(686)
<b>Closing Balance</b>	<b>40,920</b>	<b>45,687</b>	<b>49,457</b>	<b>55,728</b>

	<b>Commonwealth Cash Management Trust</b>			
	<b>1/7/2007 - 30/06/2008</b>		<b>1/7/2006 - 30/06/2007</b>	
	<b>No.'000</b>	<b>\$'000</b>	<b>No.'000</b>	<b>\$'000</b>
Opening balance	2,686,099	2,687,835	3,241,275	3,243,253
Applications	1,194,171	1,194,171	1,501,952	1,501,952
Redemptions	(1,815,493)	(1,815,493)	(2,204,160)	(2,204,160)
Units issued upon reinvestment of distributions	141,192	141,192	147,032	147,032
Decrease in net assets attributable to unitholders from operations	-	(5,555)	-	(242)
<b>Closing Balance</b>	<b>2,205,969</b>	<b>2,202,150</b>	<b>2,686,099</b>	<b>2,687,835</b>

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 6. MOVEMENT IN NUMBER OF UNITS ATTRIBUTABLE TO UNITHOLDERS

#### b) Capital Risk Management

The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

The Funds monitor the level of daily applications and redemptions relative to the liquid assets in the Funds. Liquid assets include cash and cash equivalents and listed equities.

### 7. CASH AND CASH EQUIVALENTS

#### (a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities

	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
Net (loss)/profit attributable to unitholders	6,220	23,170	(37,643)	101,973	(32,647)	55,712
Proceeds from sale of financial instruments held for trading	542,436	402,907	210,650	276,855	305,049	387,933
Purchase of financial instruments held for trading	(458,481)	(340,302)	(70,300)	(161,700)	(248,454)	(320,657)
Changes in fair value of financial instruments held for trading	11,547	(2,671)	65,481	(44,017)	42,037	(41,489)
Dividend income reinvested	(6,869)	(8,262)	(32,981)	(61,259)	(8,090)	(11,793)
Net foreign exchange (loss)/gain	1	(1)	-	-	-	(5)
Changes in assets and liabilities:						
Outstanding sales settlements	(6,159)	21,811	(5,000)	-	9,029	(6,935)
Dividends receivable	42	102	493	495	2,133	806
Interest receivable	599	547	19	(22)	244	(51)
Other receivables	9	36	47	85	43	16
Outstanding purchase settlements	(1,386)	(19,376)	-	-	(11,567)	5,420
Other payables	(137)	164	(52)	59	62	(85)
Responsible Entity fees	(224)	(144)	(479)	51	(311)	(62)
<b>Net Cash (Used In)/From Operating Activities</b>	<b>87,598</b>	<b>77,981</b>	<b>130,235</b>	<b>112,520</b>	<b>57,528</b>	<b>68,810</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**7. CASH AND CASH EQUIVALENTS (continued)**

**(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)**

	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
Net (loss)/profit attributable to unitholders	(8,857)	22,353	(29,098)	75,543	(38,800)	20,322
Proceeds from sale of financial instruments held for trading	51,732	76,370	175,019	270,166	27,267	25,001
Purchase of financial instruments held for trading	(34,504)	(60,397)	(118,998)	(201,301)	(9,533)	(9,396)
Changes in fair value of financial instruments held for trading	11,249	(19,402)	37,047	(65,555)	41,715	(16,540)
Dividend income reinvested	(1,593)	(1,867)	(5,165)	(6,324)	(3,039)	(3,890)
Net foreign exchange (loss)/gain	(2)	(2)	(8)	(8)	-	-
Changes in assets and liabilities:						
Outstanding sales settlements	(634)	149	(2,418)	520	3,434	(3,563)
Dividends receivable	62	106	174	463	603	(66)
Interest receivable	(14)	(2)	(27)	(23)	2	(2)
Other receivables	(78)	(18)	41	(4)	6	(7)
Outstanding purchase settlements	(281)	339	(1,197)	1,094	(2,169)	1,557
Other payables	19	(17)	(60)	63	12	(16)
Responsible Entity fees	(101)	39	(306)	61	(230)	64
<b>Net Cash (Used In)/From Operating Activities</b>	<b>16,998</b>	<b>17,651</b>	<b>55,004</b>	<b>74,695</b>	<b>19,268</b>	<b>13,464</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**7. CASH AND CASH EQUIVALENTS (continued)**

**(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash from operating activities (continued)**

	Commonwealth International Share Fund		Commonwealth Bond Fund		Commonwealth Cash Management Trust	
	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000	1/7/2007 - 30/06/2008 \$'000	1/7/2006 - 30/06/2007 \$'000
Net (loss)/profit attributable to unitholders	(8,214)	3,486	1,881	1,590	154,624	163,488
Proceeds from sale of financial instruments held for trading	8,850	13,650	63,867	80,119	9,335,213	20,479,653
Purchase of financial instruments held for trading	(549)	-	(53,720)	(70,213)	(8,869,383)	(19,915,468)
Changes in fair value of financial instruments held for trading	8,310	(3,286)	694	1,390	6,238	389
Dividend income reinvested	-	(743)	-	-	-	-
Changes in assets and liabilities:						
Outstanding sales settlements	(68)	-	-	4,672	-	-
Dividends receivable	-	-	-	-	-	-
Interest receivable	(2)	1	156	138	(9,344)	(2,876)
Other receivables	9	8	7	4	(153)	437
Outstanding purchase settlements	-	-	-	(4,369)	-	-
Other payables	27	(18)	9	4	221	(306)
Responsible Entity fees	(95)	(31)	(32)	(32)	(1,127)	(1,062)
<b>Net Cash (Used In)/From Operating Activities</b>	<b>8,268</b>	<b>13,067</b>	<b>12,862</b>	<b>13,303</b>	<b>616,289</b>	<b>724,255</b>

**(b) Non-cash financing activities carried out during the year on normal commercial terms and conditions included:**

- Reinvestment of unitholders distributions as disclosed in Statements of Changes in Net Asset Attributable to Unitholders and Note 6(a) under "Units issued upon reinvestment of distributions".
- Participation in dividend reinvestment plans as disclosed in Note 7(a) under "Dividend income reinvested".

**(c) Terms and conditions on cash**

Cash at bank and in hand, and deposits at call with a futures clearing house, earn interest at floating rate as determined by the financial institutions.

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 8. RELATED PARTIES DISCLOSURES

#### (a) Responsible Entity

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Level 29, 52 Martin Place, Sydney, New South Wales, 2000.

#### (b) Details of Key Management Personnel

##### (i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Grahame Petersen  
Michael John Venter  
Brian Vincent Bissaker  
Paul Rayson  
Peter Robert Winney  
John Robert Dempsey  
Bradley Brian Massey

Resigned 15 January 2008  
Appointed 21 February 2008

##### (ii) Compensation of key management personnel

No amounts are paid by the Funds directly to the Directors of the Responsible Entity of the Funds.

The Directors of the Responsible Entity receive compensation in their capacity as Directors of the Responsible Entity. Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Funds to the Directors as Key Management Personnel.



# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (c) Responsible Entity's Management Fees

With the exception of the Commonwealth Cash Management Trust, the Responsible Entity is entitled to receive a monthly management fee which is expressed as a percentage of the total assets of the Fund (i.e. excluding liabilities) under the terms of the Constitution. The fees for the Commonwealth Cash Management Trust are expressed as a percentage of the net assets of the Trust. The fees are paid on a quarterly basis.

Management fees are paid directly by the Funds. The table below shows the current fees charged. Where monies are invested into other schemes managed by the Responsible Entity or related entities, the management fees are rebated to the Funds and disclosed as Responsible Entity fees rebate in the Income Statements.

The management fee rates for the Funds are as follows:

Name of Funds	2008 Management Fees %	2007 Management Fees %
Commonwealth Income Fund	1.00	1.00
Commonwealth Balanced Fund	1.50	1.50
Commonwealth Growth Fund	1.50	1.50
Commonwealth Australian Share Fund	1.50	1.50
Commonwealth Share Income Fund	1.50	1.50
Commonwealth Property Securities Fund	1.50	1.50
Commonwealth International Share Fund	1.50	1.50
Commonwealth Bond Fund	1.00	1.00
Commonwealth Cash Management Trust	0.75	0.75

The net amount of the Responsible Entity's management fees charged after incorporating the rebate received for the years ended 30 June 2008 and 30 June 2007 are as follows:

Name of Funds	Year Ended 2008 \$	Year Ended 2007 \$
Commonwealth Income Fund	4,229,992	3,732,866
Commonwealth Balanced Fund	12,211,191	8,377,226
Commonwealth Growth Fund	6,322,861	5,082,290
Commonwealth Australian Share Fund	1,469,196	1,458,162
Commonwealth Share Income Fund	4,870,448	4,929,004
Commonwealth Property Securities Fund	1,135,729	1,607,148
Commonwealth International Share Fund	780,044	497,412
Commonwealth Bond Fund	522,175	650,124
Commonwealth Cash Management Trust	19,583,699	23,446,887

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (c) Responsible Entity's Management Fees (continued)

Fees due to the Responsible Entity as at years ended 30 June 2007 and 30 June 2006 are as follows:

Name of Funds	2008 \$	2007 \$
Commonwealth Income Fund	840,196	1,064,046
Commonwealth Balanced Fund	2,286,067	2,771,009
Commonwealth Growth Fund	1,210,508	1,525,010
Commonwealth Australian Share Fund	329,950	426,665
Commonwealth Share Income Fund	1,109,711	1,416,411
Commonwealth Property Securities Fund	208,861	439,232
Commonwealth International Share Fund	78,915	173,717
Commonwealth Bond Fund	128,485	160,213
Commonwealth Cash Management Trust	4,789,384	5,916,597

In addition, the Responsible Entity is reimbursed for registry fees for the Funds, in accordance with the Product Disclosure Statement and the Funds' Constitutions. During the year ended 30 June 2008 and 30 June 2007, the Responsible Entity was reimbursed for such costs, which were allocated to the Funds offered in the Product Disclosure Statement in proportion to their relative size as follows:

	2008 \$	2007 \$
Commonwealth Income Fund	537,748	497,807
Commonwealth Balanced Fund	1,033,759	914,554
Commonwealth Growth Fund	540,243	457,249
Commonwealth Australian Share Fund	134,514	139,858
Commonwealth Share Income Fund	454,793	464,929
Commonwealth Property Securities Fund	101,688	151,908
Commonwealth International Share Fund	55,754	70,880
Commonwealth Bond Fund	77,824	74,248
Commonwealth Cash Management Trust	4,240,225	4,115,536

#### (d) Bank and Deposit Accounts

The bank accounts for the Funds may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis.

#### (e) Related Party Transactions

Related parties

All related party transactions are made in arms length transactions on normal commercial terms and conditions. Outstanding balances at year end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities**

The following Commonwealth Investment Funds held investments in the following Funds which were managed by the Responsible Entity and its related entities. Distributions received are immediately reinvested into additional units with the exception of investments as highlighted in italics.

<b>Investment Name</b>	<b>Units Held at Year End No.('000)</b>	<b>Value of Investment at Year End \$'000</b>	<b>Interest held in Investment at Year End %</b>	<b>Units Acquired During Year No.('000)</b>	<b>Units Disposed of During Year No.('000)</b>	<b>Distribution received \$'000</b>
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**Commonwealth Income Fund**

Units held in Colonial First State  
Wholesale Global Corporate Debt  
Fund

-	2008	64,408	63,158	1.85	3,632	509	3,602
-	2007	61,285	62,468	1.92	3,578	489	3,643

Units held in Colonial First State  
Wholesale Small Companies Fund -  
Core

-	2008	1,375	1,649	0.30	192	786	279
-	2007	1,969	3,704	0.39	336	103	628

Units held in Colonial First State  
Wholesale Cash Fund

-	2008	24,782	24,958	0.46	53,233	82,742	2,635
-	2007	54,291	54,736	1.11	40,364	53,759	3,755

**Commonwealth Balanced Fund**

Units held in Colonial First State  
Wholesale Indexed Australian Share  
Fund

-	2008	128,649	198,196	19.42	13,215	21,926	15,498
-	2007	137,360	262,825	24.70	21,477	37,148	41,038

Units held in Colonial First State  
Wholesale Indexed Global Share Fund

-	2008	53,812	82,150	3.92	1,034	2,932	1,697
-	2007	55,710	110,183	4.35	2,492	7,401	1,971

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities (continued)**

<b>Investment Name</b>	<b>Units Held at Year End No.('000)</b>	<b>Value of Investment at Year End \$'000</b>	<b>Interest held in Investment at Year End %</b>	<b>Units Acquired During Year No.('000)</b>	<b>Units Disposed of During Year No.('000)</b>	<b>Distribution received \$'000</b>
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**Commonwealth Balanced Fund (continued)**

Units held in Colonial First State  
Wholesale Indexed Australian Bond  
Fund

-	2008	123,783	114,227	7.73	7,728	43,535	7,187
-	2007	159,590	149,648	9.16	14,690	16,803	7,959

Units held in Colonial First State  
Wholesale Indexed Global Bond  
Fund

-	2008	24,723	27,401	2.46	1,541	11,269	1,731
-	2007	34,451	37,486	3.23	8,417	2,095	4,258

Units held in Commonwealth Lifetime  
Australian Index-Linked Bond Fund

-	2008	28,634	28,800	17.08	2,477	10,640	2,541
-	2007	36,797	38,104	16.64	2,604	-	2,768

Units held in Colonial First State  
Wholesale Property Securities  
Fund

-	2008	1,004	970	0.05	272	2,784	360
-	2007	3,516	6,996	0.20	3,515	-	414

Units held in Colonial First State  
Wholesale Global Property  
Securities Fund

-	2008	849	988	0.13	203	3,324	277
-	2007	3,970	6,986	0.95	3,970	-	742

Units held in Direct Property  
Investment Fund - Commercial Sector

-	2008	-	-	-	-	-	-
-	2007	-	-	-	-	63	941

Units held in Direct Property  
Investment Fund - Industrial Sector

-	2008	-	-	-	-	-	-
-	2007	-	-	-	-	21	93

Units held in Direct Property  
Investment Fund - Retail Sector

-	2008	14,181	20,556	2.16	-	-	1,154
-	2007	14,181	18,173	2.16	-	15,126	1,874

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities (continued)**

<b>Investment Name</b>	<b>Units Held at Year End No.('000)</b>	<b>Value of Investment at Year End \$'000</b>	<b>Interest held in Investment at Year End %</b>	<b>Units Acquired During Year No.('000)</b>	<b>Units Disposed of During Year No.('000)</b>	<b>Distribution received \$'000</b>
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**Commonwealth Balanced Fund (continued)**

Units held in Commonwealth Property

Hotel Fund

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	1,731	(10)

Units held in Direct Property

Investment Fund - Office Sector 2

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	20,070	741

Units held in Direct Property

Investment Fund - Industrial Sector 2

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	5,080	108

Units held in Colonial First State

Wholesale Cash Fund

- 2008	46,084	46,410	0.86	66,315	89,539	3,689
- 2007	69,308	69,875	1.41	134,033	86,774	2,109

Units held in Diversified Property

Investment Fund

- 2008	34,493	51,027	5.57	-	-	2,158
- 2007	34,493	43,302	5.40	64,761	30,269	1,905

**Commonwealth Growth Fund**

Units held in Colonial First State

Wholesale Indexed Global Share

Fund

- 2008	33,723	51,481	2.46	1,072	5,194	1,081
- 2007	37,845	74,850	2.95	678	3,947	1,338

Units held in Colonial First State

Wholesale Indexed Global Bond

Fund

- 2008	19,355	21,452	1.92	3,955	12,279	1,427
- 2007	27,679	30,117	2.60	4,338	2,480	3,447

Units held in Colonial First State

Wholesale Small Companies Fund -

Core

- 2008	5,437	6,521	1.18	1,781	3,853	1,107
- 2007	7,509	14,124	1.49	4,902	4,314	2,481

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities (continued)**

<b>Investment Name</b>	<b>Units Held at Year End No.('000)</b>	<b>Value of Investment at Year End \$'000</b>	<b>Interest held in Investment at Year End %</b>	<b>Units Acquired During Year No.('000)</b>	<b>Units Disposed of During Year No.('000)</b>	<b>Distribution received \$'000</b>
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**Commonwealth Growth Fund (continued)**

Units held in Colonial First State  
Wholesale Global Corporate Debt  
Enhanced Fund

- 2008	3,828	3,608	0.57	175	-	168
- 2007	3,653	3,617	0.83	193	-	193

Units held in Colonial First State  
Wholesale Global Share Fund

- 2008	17,173	21,514	2.27	15	-	19
- 2007	17,158	25,978	2.10	51	-	77

Units held in Colonial First State  
Wholesale Property Securities  
Fund

- 2008	5,132	4,961	0.27	945	458	810
- 2007	4,645	9,240	0.27	4,645	-	669

Units held in Colonial First State  
Wholesale Global Property  
Securities Fund

- 2008	4,324	5,033	0.68	557	1,591	704
- 2007	5,358	9,427	1.28	5,358	-	1,370

Units held in Colonial First State  
Wholesale Cash Fund

- 2008	5,751	5,792	0.11	50,131	52,806	422
- 2007	8,426	8,495	0.17	70,917	67,276	633

Units held in Direct Property  
Investment Fund - Commercial Sector

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	12	220

Units held in Direct Property  
Investment Fund - Industrial Sector

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	5	58

Units held in Direct Property  
Investment Fund - Retail Sector

- 2008	1,949	2,825	0.30	-	-	159
- 2007	1,949	2,498	0.30	-	2,079	216

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities (continued)**

<b>Investment Name</b>	<b>Units Held at Year End No.('000)</b>	<b>Value of Investment at Year End \$'000</b>	<b>Interest held in Investment at Year End %</b>	<b>Units Acquired During Year No.('000)</b>	<b>Units Disposed of During Year No.('000)</b>	<b>Distribution received \$'000</b>
------------------------	---	---	--	---	--	---

**Commonwealth Growth Fund (continued)**

Units held in Commonwealth

Property Hotel Fund

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	1,316	(7)

Units held in Direct Property

Investment Fund - Office Sector 2

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	3,744	142

Units held in Direct Property

Investment Fund - Industrial Sector 2

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	2,086	8

Units held in Diversified Property

Investment Fund

- 2008	6,429	9,512	1.04	-	-	402
- 2007	6,429	8,072	1.01	12,005	5,576	414

Units held in Commonwealth

Infrastructure and Utilities Fund

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	4,305	-

**Commonwealth Australian Share Fund**

Units held in Colonial First State

Wholesale Small Companies Fund

- Core

- 2008	3,582	4,296	0.78	471	1,185	716
- 2007	4,296	8,080	0.85	963	-	1,358

**Commonwealth Share Income Fund**

Units held in Colonial First State

Wholesale Small Companies Fund

- Core

- 2008	12,030	14,429	2.62	1,598	4,133	2,336
- 2007	14,565	27,397	2.89	2,941	-	4,603

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities (continued)**

<b>Investment Name</b>	<b>Units Held at Year End No.('000)</b>	<b>Value of Investment at Year End \$'000</b>	<b>Interest held in Investment at Year End %</b>	<b>Units Acquired During Year No.('000)</b>	<b>Units Disposed of During Year No.('000)</b>	<b>Distribution received \$'000</b>
------------------------	---	---	--	---	--	---

**Commonwealth International Share Fund**

Units held in Colonial First State  
Wholesale Indexed Global Share  
Fund

- 2008	13,948	21,293	1.02	280	4,864	463
- 2007	18,532	36,652	1.45	363	6,911	716

Units held in Colonial First State  
Wholesale Global Share Fund

- 2008	5,133	6,431	0.68	59	-	6
- 2007	5,074	7,683	0.62	15	-	23

The following Funds held shares in the Bank and its related parties.

<b>Securities name</b>	<b>Shares/ Units Held at Year End No.('000)</b>	<b>Value of Investment at Year End \$'000</b>	<b>Interest held in Investment at Year End %</b>	<b>Shares/ Units acquired During Year No.('000)</b>	<b>Shares/ Units disposed of During Year No.('000)</b>	<b>Dividend/ Distribution received \$'000</b>
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**Commonwealth Income Fund**

Shares in Commonwealth Bank  
of Australia

- 2008	44	1,748	0.01	17	12	112
- 2007	39	2,121	0.01	6	40	146

Units held in CFS Retail Property  
Trust

- 2008	28	52	0.01	5	19	4
- 2007	42	91	0.01	3	31	5

Unit in Commonwealth Managed  
Investments Limited Perls

- 2008	23	4,455	0.60	-	-	256
- 2007	23	4,519	0.60	-	-	226



**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities (continued)**

Securities name	Shares/ Units Held at Year End	Value of Investment at Year End	Interest held in Investment at Year End	Shares/ Units acquired During Year	Shares/ Units disposed of During Year	Dividend/ Distribution received
	No.('000)	\$'000	%	No.('000)	No.('000)	\$'000

**Commonwealth Growth Fund**

Shares in Commonwealth Bank  
of Australia

- 2008	213	8,540	0.02	72	69	512
- 2007	210	11,523	0.02	90	207	646

Units held in CFS Retail Property  
Trust

- 2008	166	307	0.01	39	46	20
- 2007	173	371	0.01	137	258	19

**Commonwealth Australian Share Fund**

Shares in Commonwealth Bank  
of Australia

- 2008	115	4,629	0.01	39	29	286
- 2007	105	5,759	0.01	20	60	319

Units held in Commonwealth  
Property Office Fund

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	64	-

Units held in CFS Retail Property  
Trust

- 2008	79	146	0.01	9	11	9
- 2007	81	173	0.01	4	53	11

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**8. RELATED PARTIES DISCLOSURES (continued)**

**(f) Investing Activities (continued)**

Securities name	Shares/ Units Held at Year End  No.('000)	Value of Investment at Year End  \$'000	Interest held in Investment at Year End  %	Shares/ Units acquired During Year No.('000)	Shares/ Units disposed of During Year No.('000)	Dividend/ Distribution received  \$'000
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**Commonwealth Share Income Fund**

Shares in Commonwealth Bank  
of Australia

- 2008	389	15,599	0.03	140	100	941
- 2007	349	19,190	0.03	69	226	1089

Units held in Commonwealth  
Property Office Fund

- 2008	-	-	-	-	-	-
- 2007	-	-	-	-	229	-

Units held in CFS Retail Property  
Trust

- 2008	257	476	0.01	35	44	30
- 2007	266	573	0.01	14	203	38

**Commonwealth Property  
Securities Fund**

Units held in CFS Retail Property  
Trust

- 2008	1,472	2,722	0.07	141	395	181
- 2007	1,726	3,711	0.08	111	333	212

The following Funds held fixed interest securities with the Bank and it's related parties:

Counterparty	Market Value  \$'000
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**Commonwealth Cash  
Management Trust**

Commonwealth Bank of Australia

- 2008	1,972
- 2007	15,055

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 8. RELATED PARTIES DISCLOSURES (continued)

#### (g) Unitholder Investing Activities

Other funds managed by the Responsible Entity or its affiliates may from time to time purchase or redeem units in the Commonwealth Investment Funds. Such activity is undertaken in the ordinary course of business at entry and exit prices available to all investors at the time of the transaction.

The interest of Colonial First State Investments Limited and its associates in the Funds as at 30 June 2008 is nil (2007 - nil) units.

### 9. SEGMENT INFORMATION

The Funds operate in one business segment, being investment management. The Funds operate from one geographic location being Australia, from where their investing activities are managed. Revenue is derived from dividends, distributions, interest, gains on the sale of investments, and unrealised changes in the value of investments.

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 10. FINANCIAL RISK MANAGEMENT

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

The Funds' overall risk management programme focuses on ensuring compliance with the Fund's Information Memorandum or Constitutions and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. Certain Funds use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the respective investment management departments (Investment Managers) and regularly monitored by the Compliance Department of the Responsible Entity.

The Funds use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

#### (a) Market Risk

##### (i) Price risk

The Funds' financial assets are either directly or indirectly exposed to price risk. This arises from investments held by the Funds for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Investment Managers mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Information Memorandum or Constitutions and are regularly monitored by the Compliance Department of the Responsible Entity.

The table in Note 10(b) summarises the impact of an increase/decrease of the Australian and global Indexes on the Funds' net assets attributable to unitholders at 30 June 2008 and 30 June 2007. The analysis is based on the assumptions that the indexes increased or decreased as tabled below with all other variables held constant and that the fair value of the Funds' which have indirect exposures to equity securities and derivatives moved according to the historical correlation with the indexes. The impact mainly arises from the reasonable possible change in the fair value of the underlying investment.

Investments options	30/06/2008		30/06/2007	
	Decrease	Increase	Decrease	Increase
	%	%	%	%
Australian and Global Shares Options	(15)	30	(15)	30
Multi- Sectors options	(8)	15	(8)	15

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk**

The Funds which have investments in interest bearing financial assets are exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

Certain Funds may also enter into derivatives financial instruments to mitigate the risk of future interest rate changes in accordance with the risk policies and guidelines of the Investment Managers. These transactions are regularly monitored by the Compliance Department of the Responsible Entity.

The table below summarises the Funds' exposure to interest rate risks. It includes the Funds' assets and liabilities at fair values.

	<b>Commonwealth Income Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	5,152	-	-	5,152
Receivables	-	-	6,528	6,528
Financial assets held for trading	-	179,146	120,963	300,109
<b>Financial liabilities</b>				
Payables	-	-	(5,786)	(5,786)
Financial liabilities held for trading	-	-	(84)	(84)
	5,152	179,146	121,621	305,919
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
<b>Net exposure</b>	<b>5,152</b>	<b>179,146</b>	<b>121,621</b>	<b>305,919</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

	<b>Commonwealth Income Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	5,789	-	-	5,789
Receivables	-	-	458	458
Financial assets held for trading	-	226,074	163,196	389,270
<b>Financial liabilities</b>				
Payables	-	-	(11,911)	(11,911)
Financial liabilities held for trading	-	-	(51)	(51)
	5,789	226,074	151,692	383,555
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	5,789	226,074	151,692	383,555

	<b>Commonwealth Balanced Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	5,550	-	-	5,550
Receivables	-	-	6,124	6,124
Financial assets held for trading	-	-	570,729	570,729
<b>Financial liabilities</b>				
Payables	-	-	(9,575)	(9,575)
Financial liabilities held for trading				
	5,550	-	567,278	572,828
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	5,550	-	567,278	572,828

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

	<b>Commonwealth Balanced Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	8,778	-	-	8,778
Receivables	-	-	1,787	1,787
Financial assets held for trading	-	-	743,580	743,580
<b>Financial liabilities</b>				
Payables	-	-	(60,561)	(60,561)
Financial liabilities held for trading				
	8,778	-	684,806	693,584
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	8,778	-	684,806	693,584

	<b>Commonwealth Growth Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2,543	-	-	2,543
Receivables	-	-	4,373	4,373
Financial assets held for trading	-	41,860	254,884	296,744
<b>Financial liabilities</b>				
Payables	-	-	(5,269)	(5,269)
Financial liabilities held for trading				
	2,543	41,860	253,988	298,391
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	2,543	41,860	253,988	298,391

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

	<b>Commonwealth Growth Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	6,811	-	-	6,811
Receivables	-	-	13,637	13,637
Financial assets held for trading	-	53,113	334,375	387,488
<b>Financial liabilities</b>				
Payables	-	-	(48,258)	(48,258)
Financial liabilities held for trading				
	6,811	53,113	299,754	359,678
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	6,811	53,113	299,754	359,678

	<b>Commonwealth Australian Share Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4,913	-	-	4,913
Receivables	-	-	1,257	1,257
Financial assets held for trading	-	-	70,080	70,080
<b>Financial liabilities</b>				
Payables	-	-	(1,371)	(1,371)
Financial liabilities held for trading	-	-	(185)	(185)
	4,913	-	69,781	74,694
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	4,913	-	69,781	74,694



**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

	<b>Commonwealth Australian Share Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	7,165	-	-	7,165
Receivables	-	-	585	585
Financial assets held for trading	-	-	96,897	96,897
<b>Financial liabilities</b>				
Payables	-	-	(11,365)	(11,365)
Financial liabilities held for trading	-	-	(120)	(120)
	7,165	-	85,997	93,162
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	7,165	-	85,997	93,162

	<b>Commonwealth Share Income Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	16,253	-	-	16,253
Receivables	-	-	4,128	4,128
Financial assets held for trading	-	-	235,618	235,618
<b>Financial liabilities</b>				
Payables	-	-	(4,418)	(4,418)
Financial liabilities held for trading	-	-	(702)	(702)
	16,253	-	234,626	250,879
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	16,253	-	234,626	250,879

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

<b>Commonwealth Share Income Fund</b>				
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>30/06/2007</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	23,833	-	-	23,833
Receivables	-	-	1,995	1,995
Financial assets held for trading	-	-	323,185	323,185
<b>Financial liabilities</b>				
Payables	-	-	(24,243)	(24,243)
Financial liabilities held for trading	-	-	(372)	(372)
	23,833	-	300,565	324,398
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	23,833	-	300,565	324,398

<b>Commonwealth Property Securities Fund</b>				
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>30/06/2008</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	2,367	-	-	2,367
Receivables	-	-	1,099	1,099
Financial assets held for trading	-	-	39,716	39,716
<b>Financial liabilities</b>				
Payables	-	-	(4,045)	(4,045)
Financial liabilities held for trading	-	-	-	-
	2,367	-	36,770	39,137
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	2,367	-	36,770	39,137

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

<b>Commonwealth Property Securities Fund</b>				
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>30/06/2007</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	2,253	-	-	2,253
Receivables	-	-	5,131	5,131
Financial assets held for trading	-	-	96,125	96,125
<b>Financial liabilities</b>				
Payables	-	-	(12,719)	(12,719)
Financial liabilities held for trading				
	2,253	-	88,537	90,790
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	2,253	-	88,537	90,790

<b>Commonwealth International Share Fund</b>				
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>30/06/2008</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	783	-	-	783
Receivables	-	-	92	92
Financial assets held for trading	-	-	27,728	27,728
<b>Financial liabilities</b>				
Payables	-	-	(329)	(329)
Financial liabilities held for trading				
	783	-	27,491	28,274
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	783	-	27,491	28,274

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

	<b>Commonwealth International Share Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	907	-	-	907
Receivables	-	-	32	32
Financial assets held for trading	-	-	44,340	44,340
<b>Financial liabilities</b>				
Payables	-	-	(317)	(317)
Financial liabilities held for trading	-	-	-	-
	907	-	44,055	44,962
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	907	-	44,055	44,962

	<b>Commonwealth Bond Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	1,714	-	-	1,714
Receivables	-	-	62	62
Financial assets held for trading	-	44,660	2	44,662
<b>Financial liabilities</b>				
Payables	-	-	(751)	(751)
Financial liabilities held for trading	-	-	-	-
	1,714	44,660	(687)	45,687
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	1,714	44,660	(687)	45,687

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

	<b>Commonwealth Bond Fund</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	457	-	-	457
Receivables	-	-	28	28
Financial assets held for trading	1,017	54,663	-	55,680
<b>Financial liabilities</b>				
Payables	-	-	(437)	(437)
Financial liabilities held for trading	-	-	-	-
	1,474	54,663	(409)	55,728
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	1,474	54,663	(409)	55,728

	<b>Commonwealth Cash Management Trust</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2008</b>				
<b>Financial assets</b>				
Cash and cash equivalents	29,443	-	-	29,443
Receivables	-	-	5,958	5,958
Financial assets held for trading	349,036	1,870,581	-	2,219,617
<b>Financial liabilities</b>				
Payables	-	-	(52,858)	(52,858)
Financial liabilities held for trading	-	-	(10)	(10)
	378,479	1,870,581	(46,910)	2,202,150
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
Net exposure	378,479	1,870,581	(46,910)	2,202,150

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

	<b>Commonwealth Cash Management Trust</b>			
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>30/06/2007</b>				
<b>Financial assets</b>				
Cash and cash equivalents	49,513	-	-	49,513
Receivables	-	-	8,621	8,621
Financial assets held for trading	469,014	2,213,339	45	2,682,398
<b>Financial liabilities</b>				
Payables	-	-	(52,697)	(52,697)
Financial liabilities held for trading	-	-	-	-
	518,527	2,213,339	(44,031)	2,687,835
Net increase/(decrease) in exposure from interest rate swaps (notional principal)	-	-	-	-
<b>Net exposure</b>	<b>518,527</b>	<b>2,213,339</b>	<b>(44,031)</b>	<b>2,687,835</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market Risk (continued)**

**(ii) Interest rate risk (continued)**

An analysis of financial liabilities by maturities is provided in paragraph (d) below.

The table in Note 10 (b) summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 75 basis points (2007 - +/- 75 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest securities.

**(b) Summarised Sensitivity Analysis**

The following table summarises the sensitivity of the Funds' operating profit or loss and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Commonwealth Income Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008	2,164	(2,397)	-	-	(18,132)	36,264
30/06/2007	2,738	(3,032)	-	-	(24,472)	48,944

	Commonwealth Balanced Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-8.00% \$'000	15.00% \$'000
30/06/2008	(42)	42	-	-	(45,658)	85,609
30/06/2007	(66)	66	-	-	(59,486)	111,537

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Summarised Sensitivity Analysis (continued)**

	Commonwealth Growth Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008	496	(550)	-	-	(38,233)	76,465
30/06/2007	602	(671)	-	-	(50,156)	100,312

	Commonwealth Australian Share Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008	(37)	37	-	-	(10,484)	20,969
30/06/2007	(54)	54	-	-	(14,517)	29,033

	Commonwealth Share Income Fund					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008	(122)	122	-	-	(35,238)	70,475
30/06/2007	(179)	179	-	-	(48,422)	96,844



**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Summarised Sensitivity Analysis (continued)**

		Commonwealth Property Securities Fund					
		Interest rate risk		Foreign exchange risk		Price Risk	
		Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
		-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008		(18)	18	-	-	(5,957)	11,915
30/06/2007		(17)	17	-	-	(14,419)	28,837

		Commonwealth International Share Fund					
		Interest rate risk		Foreign exchange risk		Price Risk	
		Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
		-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-15.00% \$'000	30.00% \$'000
30/06/2008		(6)	6	-	-	(4,159)	8,318
30/06/2007		(7)	7	-	-	(6,651)	13,302

		Commonwealth Bond Fund					
		Interest rate risk		Foreign exchange risk		Price Risk	
		Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
		-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-1.20% \$'000	1.30% \$'000
30/06/2008		536	(594)	-	-	-	-
30/06/2007		661	(732)	-	-	-	-

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(b) Summarised Sensitivity Analysis (continued)**

	Commonwealth Cash Management Trust					
	Interest rate risk		Foreign exchange risk		Price Risk	
	Impact on Operating Profit/(Loss) and Net Assets Attributable to Unitholders					
	-75 basis points \$'000	75 basis points \$'000	-10.10% \$'000	10.10% \$'000	-1.20% \$'000	1.30% \$'000
<b>30/06/2008</b>	(16,868)	16,868	-	-	-	-
<b>30/06/2007</b>	(20,488)	20,488	-	-	-	-

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. FINANCIAL RISK MANAGEMENT (continued)**

**(c) Credit risk**

Credit risk primarily arises from investments in debt securities and derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers.

Certain Funds invest in debt securities which have an investment grade as rated by the Standard & Poor's rating agency. For unrated assets a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

The Compliance Department of the Responsible Entity regularly monitors the credit risks that arise from holding these securities.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of debt securities by rating is set out in the table below for the Funds which have such securities.

	<b>Commonwealth Income Fund</b>		<b>Commonwealth Growth Fund</b>		<b>Commonwealth Bond Fund</b>	
	<b>30/06/2008</b>	<b>30/06/2007</b>	<b>30/06/2008</b>	<b>30/06/2007</b>	<b>30/06/2008</b>	<b>30/06/2007</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total debt securities	179,146	226,074	41,860	53,113	44,660	55,680
<b>Rating</b>						
AAA	71,766	91,786	5,806	8,020	30,351	36,999
AA+	3,171	2,894	67	202	482	986
AA	4,568	5,335	197	329	1,836	1,938
AA-	8,957	13,451	527	590	6,485	9,349
A+	7,829	9,292	707	945	2,296	2,461
A	42,673	41,372	921	834	1,853	2,511
A-	4,246	3,346	142	133	911	963
Others	5,911	7,166	265	260	446	473
Non rated	30,025	51,432	33,228	41,800	-	-
<b>Total</b>	<b>179,146</b>	<b>226,074</b>	<b>41,860</b>	<b>53,113</b>	<b>44,660</b>	<b>55,680</b>

	<b>Commonwealth Cash Management Trust</b>	
	<b>30/06/2008</b>	<b>30/06/2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Total debt securities	2,219,617	2,682,353
<b>Rating</b>		
AAA	1,384,819	1,630,602
AA+	460,792	667,906
AA	150,490	216,198
AA-	19,977	20,118
A+	203,539	147,529
<b>Total</b>	<b>2,219,617</b>	<b>2,682,353</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk**

The Funds are exposed to daily cash redemptions of redeemable units. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The Funds' listed securities are considered readily realisable, as they are listed on either the Australian Stock Exchange or other recognised International Stock Exchanges.

Certain Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, these Funds may not be able to quickly liquidate its investments in these instruments 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 or counterparty. No such investments were held at year end.

The table below analyses the Funds' financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date at the year end date. The amounts in the table are the contractual undiscounted cash flows.

**(i) Financial liabilities**

	Commonwealth Income Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Net settled derivatives	-	84	-	-	-	-
Payables	5,786	-	-	-	-	-
Net assets attributable to unitholders	305,919	-	-	-	-	-
<b>Total financial liabilities</b>	<b>311,705</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth Income Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Net settled derivatives	-	51	-	-	-	-
Payables	11,911	-	-	-	-	-
Net assets attributable to unitholders	383,555	-	-	-	-	-
<b>Total financial liabilities</b>	<b>395,466</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Commonwealth Balanced Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Payables	9,575	-	-	-	-	-
Net assets attributable to unitholders	572,828	-	-	-	-	-
Total financial liabilities	582,403	-	-	-	-	-

	Commonwealth Balanced Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Payables	60,560	-	-	-	-	-
Net assets attributable to unitholders	693,584	-	-	-	-	-
Total financial liabilities	754,144	-	-	-	-	-

	Commonwealth Growth Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Payables	5,269	-	-	-	-	-
Net assets attributable to unitholders	298,391	-	-	-	-	-
Total financial liabilities	303,660	-	-	-	-	-

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Commonwealth Growth Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Payables	48,257	-	-	-	-	-
Net assets attributable to unitholders	359,678	-	-	-	-	-
<b>Total financial liabilities</b>	<b>407,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth Australian Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Net settled derivatives	-	185	-	-	-	-
Payables	1,371	-	-	-	-	-
Net assets attributable to unitholders	74,694	-	-	-	-	-
<b>Total financial liabilities</b>	<b>76,065</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth Australian Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Net settled derivatives	-	120	-	-	-	-
Payables	11,365	-	-	-	-	-
Net assets attributable to unitholders	93,162	-	-	-	-	-
<b>Total financial liabilities</b>	<b>104,527</b>	<b>120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Commonwealth Share Income Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Net settled derivatives	-	702	-	-	-	-
Payables	4,418	-	-	-	-	-
Net assets attributable to unitholders	250,879	-	-	-	-	-
<b>Total financial liabilities</b>	<b>255,297</b>	<b>702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth Share Income Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Net settled derivatives	-	372	-	-	-	-
Payables	24,242	-	-	-	-	-
Net assets attributable to unitholders	324,398	-	-	-	-	-
<b>Total financial liabilities</b>	<b>348,640</b>	<b>372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth Property Securities Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Payables	4,045	-	-	-	-	-
Net assets attributable to unitholders	39,137	-	-	-	-	-
<b>Total financial liabilities</b>	<b>43,182</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Commonwealth Property Securities Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Payables	12,717	-	-	-	-	-
Net assets attributable to unitholders	90,790	-	-	-	-	-
<b>Total financial liabilities</b>	<b>103,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth International Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Payables	329	-	-	-	-	-
Net assets attributable to unitholders	28,274	-	-	-	-	-
<b>Total financial liabilities</b>	<b>28,603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth International Share Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Payables	315	-	-	-	-	-
Net assets attributable to unitholders	44,962	-	-	-	-	-
<b>Total financial liabilities</b>	<b>45,277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Commonwealth Bond Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Payables	751	-	-	-	-	-
Net assets attributable to unitholders	45,687	-	-	-	-	-
<b>Total financial liabilities</b>	<b>46,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth Bond Fund					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Payables	436	-	-	-	-	-
Net assets attributable to unitholders	55,728	-	-	-	-	-
<b>Total financial liabilities</b>	<b>56,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Commonwealth Cash Management Trust					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2008</b>						
Financial liabilities held for trading						
Net settled derivatives	10	-	-	-	-	-
Payables	52,858	-	-	-	-	-
Net assets attributable to unitholders	2,202,150	-	-	-	-	-
<b>Total financial liabilities</b>	<b>2,255,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**10. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Liquidity Risk (continued)**

**(i) Financial liabilities (continued)**

	Commonwealth Cash Management Trust					
	Less than 1 month \$'000	1 - 3 months \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 3 years \$'000	More than 3 years \$'000
<b>30/06/2007</b>						
Financial liabilities held for trading						
Net settled derivatives	-	87	-	-	-	-
Payables	52,697	-	-	-	-	-
Net assets attributable to unitholders	2,687,835	-	-	-	-	-
<b>Total financial liabilities</b>	<b>2,740,532</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 10. FINANCIAL RISK MANAGEMENT (continued)

#### (e) Fair value estimation

The carrying amounts of the Funds' assets and liabilities at the balance sheet date approximate their fair values.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and listed securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Fund is the last bid price. Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

Investments in unlisted managed investment schemes are recorded at the redemption value per unit as reported by the Responsible Entity of such funds.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and investments in unlisted securities) is determined using valuation techniques. These Funds use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for the remaining financial instruments.

# COMMONWEALTH INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### 11. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business certain Funds 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 forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of these Funds' 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 these Funds 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, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

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

Certain Funds hold the following derivative instruments:

#### (a) Futures

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

#### (b) Options

An option is a contractual agreement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or buy a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by certain Funds are exchange-traded. These Funds are exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

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

	Commonwealth Income Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
	\$'000	30/06/2008 \$'000	\$'000	\$'000	30/06/2007 \$'000	\$'000
- Australian share price index futures	2,077	-	(84)	2,668	-	(51)
	2,077	-	(84)	2,668	-	(51)

	Commonwealth Australian Share Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
	\$'000	30/06/2008 \$'000	\$'000	\$'000	30/06/2007 \$'000	\$'000
- Australian share price index futures	4,544	-	(185)	6,905	-	(120)
	4,544	-	(185)	6,905	-	(120)

	Commonwealth Share Income Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
	\$'000	30/06/2008 \$'000	\$'000	\$'000	30/06/2007 \$'000	\$'000
- Australian share price index futures	17,267	-	(702)	23,225	-	(372)
	17,267	-	(702)	23,225	-	(372)

	Commonwealth Bond Fund					
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values	
		Assets	Liabilities		Assets	Liabilities
	\$'000	30/06/2008 \$'000	\$'000	\$'000	30/06/2007 \$'000	\$'000
- Australian interest rate futures	202	2	-	-	-	-
	202	2	-	-	-	-

**COMMONWEALTH INVESTMENT FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**11. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

	Commonwealth Cash Management Trust						
	Contract/ Notional	Fair Values		Contract/ Notional	Fair Values		
	\$'000	Assets	Liabilities	\$'000	Assets	Liabilities	
		30/06/2008			30/06/2007		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Australian interest rate futures	(22,872)	-	(10)	(401,587)	45	-	-
	(22,872)	-	(10)	(401,587)	45	-	-

**12. CONTINGENT LIABILITIES AND COMMITMENTS**

As at 30 June 2008 the Funds have no contingent liabilities and commitments (2007 - none).

**13. EVENTS AFTER BALANCE SHEET DATE**

Since the reporting date no significant events have occurred that required reporting (2007 - none).

**COMMONWEALTH INVESTMENT FUNDS  
DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2008**

In the opinion of the Directors of Colonial First State Investments Limited:

- a) the financial statements and notes to the financial statements of the Commonwealth Investment Funds ("the Funds") are in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the Funds' financial positions as at 30 June 2008 and of their performances for the year ended on that date; and
  - ii) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable;

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



Bradley Brian Massey  
Director  
Sydney  
4 September 2008

## Independent auditor's report to the unitholders of Commonwealth Investment Funds

### Report on the financial report

We have audited the accompanying financial report of Commonwealth Investment Funds (the Funds), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Commonwealth Investment Funds.

#### *Directors' responsibility for the financial report*

The directors of Colonial First State Investments Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's responsibility*

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

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

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

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



**Independent auditor's report to the unitholders of  
Commonwealth Investment Funds (continued)**

*Independence*

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

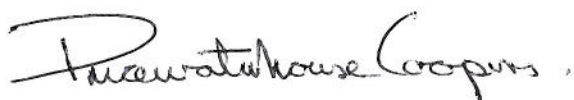
*Auditor's opinion*

In our opinion:

- (a) the financial report of Commonwealth Investment Funds is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Funds' financial positions as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*Matters relating to the electronic presentation of the audited financial report*

This auditor's report relates to the financial report of Commonwealth Investment Funds (the Funds) for the year ended 30 June 2008 included on Colonial First State Investments Limited's (the responsible entity) web site. The responsible entity's directors are responsible for the integrity of the Colonial First State Investments Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site



PricewaterhouseCoopers



AJ Wilson  
Partner

Sydney  
4 September 2008

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**13 2015**

8.30 am–6 pm (Sydney time)

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