

31 December 2010 Financial Statements

AMP Investments' World Index Fund





10060040385

AMP INVESTMENTS' WORLD INDEX FUND

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

AMP INVESTMENTS' WORLD INDEX FUND

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AMP INVESTMENTS' WORLD INDEX FUND

DIRECTORY

THE MANAGER

AMP Investment Management (N.Z.) Limited
Ground Floor, PricewaterhouseCoopers Tower
113 - 119 The Terrace
PO Box 3764
WELLINGTON

THE TRUSTEE

The New Zealand Guardian Trust Company Limited
3rd Floor, Guardian Trust House
15 Willeston Street
PO Box 913
WELLINGTON

This is also the address of the registered office of the Fund.

DIRECTORS

N.P. Dobson
G.N.S. Law
G. Hassell (Appointed 1 April 2010)
D.A. Chote (Appointed 9 November 2010)

INVESTMENT MANAGER

AMP Capital Investors (New Zealand) Limited

INTERNATIONAL SUB-INVESTMENT MANAGER

Henderson Global Investors Limited

AUDITOR

Ernst & Young
Majestic Centre, 100 Willis Street
P O Box 490
WELLINGTON

CUSTODIAN

JP Morgan Chase Bank N.A.

BANKER

Bank of New Zealand

SOLICITORS

Chapman Tripp (for the Manager)
Bell Gully (for the Trustee)

INVESTMENT ADMINISTRATOR

BNP Paribas Securities Services

REGISTRAR

ComputerShare Investor Services Limited

CORRESPONDENCE

All correspondence and enquiries to the *Trustee* about the Fund should be addressed to the Trustee, Corporate Trusts, The New Zealand Guardian Trust Company Limited, at the above address.

All correspondence and enquiries to the *Manager* about the Fund should be addressed to the Manager, AMP Investment Management (N.Z.) Limited at the above address.

AMP INVESTMENTS' WORLD INDEX FUND

The AMP Investments' World Index Fund (the Fund) was constituted under a trust deed dated 30 June 1997, and amended by Supplemental Trust Deeds dated 14 June 1999, 23 June 2000, 7 May 2001, 22 December 2006, 11 December 2007 and 24 December 2009 between the New Zealand Guardian Trust Company Limited (the Trustee) and AMP Investment Management (N.Z.) Limited (the Manager).

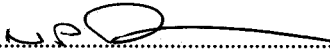
STATEMENT BY THE MANAGER

In our opinion, the accompanying financial statements and notes are drawn up in accordance with generally accepted accounting practice and give a true and fair view of the financial position of the Fund as at 31 December 2010, and of the results of its financial performance and cash flows for the year then ended in accordance with the requirement of the Trust Deed dated 30 June 1997 (subsequently amended).

It is believed that there are no circumstances that may materially and adversely affect any interest of the Unit Holders in the assets other than those already disclosed in this report.

For and on behalf of the Manager:

AMP Investment Management (N.Z.) Limited



.....
Director

18 March 2011



.....
Director

18 March 2011

AMP INVESTMENTS' WORLD INDEX FUND

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2010

| | Note | 2010 \$'000 | 2009 \$'000 |
|--------------------------------------------------------------------------------------------------------------------|--------|---------------------|---------------------|
| INCOME | | | |
| Dividends | | 4,801 | 7,710 |
| Interest | 1a | 82 | 42 |
| Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss | 1b | 6,459 | 627 |
| Entry/exit fees received | | 271 | 212 |
| Other revenue | 1c | <u>550</u> | <u>919</u> |
| Total income | | 12,163 | 9,510 |
| EXPENSES | | | |
| Management fee | 15 | 1,414 | 1,980 |
| Trustee fee | 15 | 76 | 93 |
| Other expenses | | <u>526</u> | <u>813</u> |
| Total expenses | | 2,016 | 2,886 |
| Profit before tax | | 10,147 | 6,624 |
| Income tax expense | 3a | <u>2,512</u> | <u>3,321</u> |
| Total income tax expense | | <u>2,512</u> | <u>3,321</u> |
| Profit/(Loss) after tax | | 7,635 | 3,303 |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income | | <u>7,635</u> | <u>3,303</u> |
| | | 2010 | 2009 |
| EARNINGS PER UNIT | | | |
| Basic and diluted earnings per unit (cents per unit) | 8 | <u>3.99</u> | <u>1.23</u> |

The accompanying notes form part of and should be read in conjunction with these Financial Statements.



AMP INVESTMENTS' WORLD INDEX FUND

STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2010

| | 2010 \$'000 | 2009 \$'000 |
|---------------------------------------------------|-----------------------|-----------------------|
| Unit Holders' funds at beginning of the year | 350,945 | 224,864 |
| Profit for the year | <u>7,635</u> | <u>3,303</u> |
| Total comprehensive income for the year | 7,635 | 3,303 |
| Subscriptions from Unit Holders | 8,891 | 174,409 |
| Redemptions by Unit Holders | (172,797) | (44,819) |
| Distributions to Unit Holders | <u>(2,609)</u> | <u>(6,812)</u> |
| Unit Holders' funds at the end of the year | <u>192,065</u> | <u>350,945</u> |

The accompanying notes form part of and should be read in conjunction with these Financial Statements.



AMP INVESTMENTS' WORLD INDEX FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

| | Note | 2010 \$'000 | 2009 \$'000 |
|-----------------------------------------------------------------------|------|-----------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | 4 | 1,907 | 2,514 |
| Receivables | 9 | 472 | 2,868 |
| Current tax receivable | | - | 736 |
| Investment securities designated as fair value through profit or loss | 5 | 191,294 | 348,233 |
| Derivatives held for trading | 6 | <u>-</u> | <u>1</u> |
| TOTAL ASSETS | | <u>193,673</u> | <u>354,352</u> |
| LIABILITIES | | | |
| Payables | 10 | 1,333 | 3,407 |
| Current tax payable | | <u>275</u> | <u>-</u> |
| TOTAL LIABILITIES | | 1,608 | 3,407 |
| UNIT HOLDERS' FUNDS | | <u>192,065</u> | <u>350,945</u> |
| TOTAL LIABILITIES AND UNIT HOLDERS' FUNDS | | <u>193,673</u> | <u>354,352</u> |

For and on behalf of the Manager and Trustee, who authorised the issue of the Financial Statements on 18 March 2011.

For and on behalf of the Manager

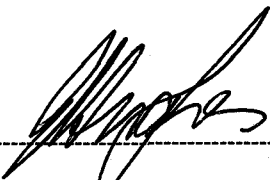
AMP Investment Management (N.Z.) Limited

For and on behalf of the Trustee


The New Zealand Guardian Trust Company Limited



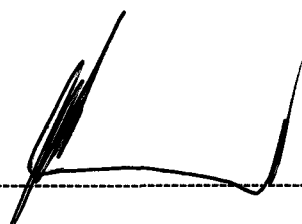
Director



Authorised signatory



Director



Authorised signatory

The accompanying notes form part of and should be read in conjunction with these Financial Statements.



AMP INVESTMENTS' WORLD INDEX FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

| | 2010 | 2009 | |
|-------------------------------------------------------------------|---------------------|---------------------|---------------------|
| | \$'000 | \$'000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| <i>Cash was provided from:</i> | | | |
| Dividends/Distributions | 5,013 | 7,718 | |
| Interest | 88 | 38 | |
| Realisation of investment securities | 174,003 | 47,070 | |
| Other | 550 | 919 | |
| <i>Cash was applied to:</i> | | | |
| Operating expenses | (2,461) | (2,354) | |
| Purchase of investment securities | (9,908) | (171,282) | |
| Tax paid | (1,501) | (3,675) | |
| Net cash (outflow)/inflow from operating activities | 12 | 165,784 | (121,566) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| <i>Cash was provided from:</i> | | | |
| Subscriptions from Unit Holders | 8,891 | 174,409 | |
| Entry and exit fees | 271 | 212 | |
| <i>Cash was applied to:</i> | | | |
| Redemptions by Unit Holders | (172,797) | (44,819) | |
| Income distributed to Unit Holders | (2,609) | (6,812) | |
| Net cash inflow/(outflow) from financing activities | (166,244) | 122,990 | |
| Net increase/(decrease) in cash and cash equivalents | (460) | 1,424 | |
| Cash and cash equivalents at beginning of year | 2,514 | 1,415 | |
| Effect of exchange rate fluctuations on cash and cash equivalents | (147) | (325) | |
| Cash and cash equivalents at the end of year | <u>1,907</u> | <u>2,514</u> | |
| Cash and cash equivalents comprise of: | | | |
| Cash at bank | 4 | <u>1,907</u> | <u>2,514</u> |
| Cash at bank at the end of the year | | <u>1,907</u> | <u>2,514</u> |

The accompanying notes form part of and should be read in conjunction with these Financial Statements.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

GENERAL INFORMATION

The AMP Investments' World Index Fund ("the Fund") is a group investment fund registered and domiciled in New Zealand and established under the Trustee Companies Act 1967. AMP Investment Management (N.Z.) Limited, the Manager of the Fund is an issuer for the purposes of the Financial Reporting Act 1993. BNP Paribas Securities Services (BNP Paribas) is the Administrator of the Fund and AMP Capital Investors (New Zealand) Limited is the Investment Manager. The Fund is listed on the New Zealand Stock Exchange.

The Fund was established under a Trust Deed dated 30 June 1997 as amended from time to time between AMP Investment Management (N.Z.) Limited and The New Zealand Guardian Trust Company Limited and commenced operation on August 1997.

The objective of the Fund is to provide Unit Holders with an investment having risk and return characteristics which closely match those of the AMP World Index (the 'Index'), which in turn is broadly representative of the Morgan Stanley Capital International (MSCI) World Index. As the sole purpose of the Fund is to track the Index, the authorised investments are restricted to Index securities and cash and cash equivalents.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for a profit-oriented entity.

They also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

The financial statements of the Fund have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of Financial Reporting Act 1993. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements are prepared in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Foreign Currency Translation

Functional and presentation currency

The Fund's functional and presentation currency is the New Zealand dollar, as the Manager considers the New Zealand dollar the currency that most accurately represents the economic effect of the underlying transactions, events and conditions. The New Zealand dollar is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from Unit Holders.

Transactions and balances

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction. Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on monetary and non monetary financial assets and liabilities are recognised in the profit or loss within the fair value net gain or loss.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Dividends

Dividend revenue is recognised when the right to receive payment is established.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Changes in fair value of investments

Net gains or losses on investments held for trading or designated as at fair value through profit or loss are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses, but does not include interest or dividend revenue.

Financial Instruments

Classification

The Fund classifies its investments in equity securities and its holdings in derivatives instruments as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Funds at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading (derivatives) are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. The Funds do not classify any derivatives as hedges in a hedging relationship since the interest rate and foreign currency derivatives are reported at market value, with the resulting revaluation gains and losses being recognised directly in the profit or loss.

The Fund does not make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, nor does it make use of short sales for various arbitrage transactions.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information. The Manager has determined that all financial assets of the Fund are designated at fair value through profit and loss with the exception of derivatives, receivables and payables.

Recognition

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date – i.e., the date on which the Fund commits to purchase or sell the asset.

Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the profit or loss. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the profit or loss in the period in which they arise.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Funds is the bid price; the appropriate quoted market price for financial liabilities is the asking price.

The fair value of units held by the Fund in managed investment funds is determined by reference to published bid prices or the redemption price established by the underlying fund's responsible Manager at the close of business on the reporting date.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Receivables

Receivables which are short term in nature do not carry any interest and are accordingly stated at their nominal value and where appropriate reduced by an allowance for estimated irrecoverable amounts.

Payables

Payables are recognised for an amount to be paid in the future for goods and services received, whether or not billed to the Fund, and include outstanding settlements on the purchase of investment. Payables are stated at their amortised cost which is deemed equivalent to their fair value.

Taxation

Income Taxation

On 1 January 2008, the Fund elected to become a Portfolio Listed Company under the Portfolio Investment Entity (PIE) regime for the purposes of the Income Tax Act 2007.

Under current taxation law the Fund will continue to pay income tax on the taxable income of the Fund.

However, when a portfolio listed company makes a distribution, to the extent that imputation credits are available, the distribution must be imputed to the maximum extent possible. Imputed dividends paid to resident shareholders who are individuals are excluded income and not taxable unless the Unit Holder elects to include the dividend on their income tax return. A portfolio listed company can distribute capital gain on a tax free basis.

The Fund applies the Fair Dividend Rate regime (FDR) for calculating the taxable income on its offshore investments except for certain Australian listed equities. Under the FDR regime the Fund is generally taxed on 5% of the opening market value of all its offshore investments, and no tax is payable if the total return is a loss.

Goods and Services Tax

All revenues and expenses are recognised net of goods and services tax (GST), except where GST is not recoverable from taxable authority. Receivables and payables are recognised inclusive of any applicable GST.

Redeemable Units and Unit Holders' Funds

The Fund issues redeemable units, which are redeemable at the Unit Holder's option. Redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's unit holders' funds value. The redeemable units are carried at the redemption amount that is payable at the reporting date if the Unit Holder exercises their right to put the units back to the Fund.

The redemption unit price is based on different valuation principles to that applied in financial reporting; a valuation difference exists, which has been treated as a component of unit holders' funds.

Unit Holders' funds are classified as equity instruments.

Cash and Cash Equivalents

Cash and cash equivalents include cash at bank with an original maturity of three months or less. Cash and cash equivalents with original maturities of three months or less that were not acquired to meet short term cash commitments are classified as investment securities.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of the above.

Presentation of Cash Flows

As explained in the General Information section the Fund is a group investment fund with the objective to provide Unit Holders with an investment having risk and return characteristics which closely match those of the AMP World Index. Therefore for the purposes of the Statement of Cash Flows, proceeds from the sale and purchase of investments designated at fair value through profit and loss are considered operating activities. These transactions maintain the operating capability of the Fund even though the investments may not be acquired specifically for resale or trading.

Changes in Accounting Policies and Disclosures

There have been no changes in accounting policies and disclosures.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

APPLICATION OF ACCOUNTING STANDARDS

The following new standard has been issued but not yet effective for the year ended 31 December 2010 and has not been applied in preparing these financial statements:

NZ IFRS 9: Financial Instruments - Recognition and Measurement of Financial Assets

This standard was issued in November 2009 as part of the IASB's project to replace IAS 39: Financial Instruments - Recognition and Measurement. The standard deals with accounting for financial assets, their recognition, derecognition and measurement and is expected to have an impact on disclosures only.

Requirements for financial liabilities were added to IFRS 9 in October 2010. Some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

The standard is effective from January 2013.

NZ IAS 24: Related Party Disclosures (revised 2009)

The revised NZ IAS 24 amends the definition of a related party. The standard is effective from 1 January 2011.

NZ IFRS 7: Financial Instruments: Disclosure (amended 2010)

The amended NZ IFRS 7 requires that qualitative disclosure should be provided to enable users to evaluate the nature and extent of the risks arising from financial instruments. The standard is effective from 1 January 2011.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Fair value of assets and liabilities

All investment securities are traded on recognised markets, so there are no accounting estimates or assumptions required in the valuation of the carrying amount of these assets and liabilities.

Forward foreign exchange contracts are marked to market at the forward exchange rate at the valuation date. The closing spot and forward exchange rates used are the London Mid Close rates provided by WM Reuters.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. REVENUE

1a. Interest revenue

| | 2010 \$'000 | 2009 \$'000 |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | 33 | 42 |
| Other interest | <u>49</u> | <u>-</u> |
| | <u><u>82</u></u> | <u><u>42</u></u> |

1b. Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss

| | 2010 \$'000 | 2009 \$'000 |
|--------------------------------------------------------------------------------------------------------|---------------------|-------------------|
| <i>Investment securities designated upon initial recognition at fair value through profit or loss:</i> | | |
| Realised gains | 19,882 | 5,444 |
| Realised losses | (40,829) | (19,190) |
| Unrealised gains | 27,516 | 14,849 |
| Unrealised losses | (147) | (325) |
| <i>Derivatives held for trading:</i> | | |
| Realised gains | 880 | 409 |
| Realised losses | (842) | (560) |
| Unrealised losses | <u>(1)</u> | <u>-</u> |
| | <u><u>6,459</u></u> | <u><u>627</u></u> |

1c. Other revenue

| | 2010 \$'000 | 2009 \$'000 |
|-------------------------|-------------------|-------------------|
| Class action recoveries | 550 | 871 |
| Other Income - various | <u>-</u> | <u>48</u> |
| | <u><u>550</u></u> | <u><u>919</u></u> |

Class action recoveries include proceeds of \$550,132 from class actions in respect of Enron, United Health, AOL Time Warner, Xerox, QWest and various other companies (2009: \$871,390).

2. OTHER EXPENSES

Other expenses include:

| | 2010 \$'000 | 2009 \$'000 |
|----------------------------------------------------------------------------|----------------|----------------|
| Audit fees paid to Ernst & Young for the audit of the financial statements | 22 | 29 |
| Other assurance fees paid to Ernst & Young | 40 | 47 |
| Brokerage fees | 5 | 36 |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

3. INCOME TAX

3a. Income tax expense

| | 2010 | 2009 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| | \$'000 | \$'000 |
| Profit/(Loss) for the year | <u>10,147</u> | <u>6,624</u> |
| Taxable profit/(loss) excluding income tax | 10,147 | 6,624 |
| Income tax using the statutory income tax rate 30% | 3,044 | 1,987 |
| Non taxable income subject to FDR regime | (3,301) | (2,606) |
| FDR tax effect | 2,915 | 4,075 |
| Other adjustments | <u>(146)</u> | <u>(135)</u> |
| Income tax expense per Statement of Financial Performance | <u>2,512</u> | <u>3,321</u> |
| <i>Comprises:</i> | | |
| Current tax expense | | |
| Current year | 2,536 | 3,321 |
| Prior period adjustments | <u>(24)</u> | <u>-</u> |
| | <u>2,512</u> | <u>3,321</u> |
| Total income tax expense | <u>2,512</u> | <u>3,321</u> |

During the year the Manager identified that the Fund had breached the PIE eligibility investor size requirements for listed PIEs and that as a result the Fund's original election to be a PIE from 1 January 2008 had not taken effect. The Fund subsequently elected to be PIE with effect from 1 October 2010. On 20 December 2010 legislation was enacted which amended the eligibility investor size requirements for listed PIEs with effect from 1 October 2007 and as a result the Fund's election to be a PIE from 1 January 2008 was reinstated. As the Fund had always been a PIE, this issue did not have any impact on the Fund's tax position.

On 27 May 2010 legislation was enacted changing the income tax rate from 30% to 28% effective from 1 January 2011. This is not expected to have a material impact on the Fund's financial position.

3b. Imputation credit account (ICA)

| | 2010 | 2009 |
|-----------------------------------------------|-----------------|------------------|
| | \$'000 | \$'000 |
| Opening balance - benefit/(liability) | 43 | (516) |
| Tax paid during the year | 1,063 | 2,800 |
| Imputation credits attached to dividends paid | (1,116) | (2,241) |
| Other adjustment | <u>12</u> | <u>-</u> |
| Closing balance - benefit | <u>2</u> | <u>43</u> |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

4. CASH AND CASH EQUIVALENTS

| | 2010 | 2009 |
|--------------|---------------------|---------------------|
| | \$'000 | \$'000 |
| Cash at bank | <u>1,907</u> | <u>2,514</u> |
| | <u>1,907</u> | <u>2,514</u> |

5. INVESTMENT SECURITIES

| | 2010 | 2009 |
|------------------------------------------------------------------------------|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| <i>Financial Assets designated upon at fair value through profit or loss</i> | | |
| International equities | <u>191,294</u> | <u>348,233</u> |
| | <u>191,294</u> | <u>348,233</u> |

As the objective of the Fund is to provide Unit Holders with an investment having risk and return characteristics which closely match those of the AMP World Index the authorised investments are restricted to Index securities.

6. DERIVATIVES HELD FOR TRADING

The Fund holds the following derivative instruments:

- Forward foreign exchange contracts

Forward foreign exchange contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market.

The forward foreign exchange contracts are collateralised by cash or marketable securities.

Forward foreign exchange contracts are settled on net basis.

The schedule below shows the net value of the contracts at 31 December 2010 split between those that are in a net asset position and those which have a net liability position. The same basis has been used for 2009.

| | 2010 | 2009 |
|------------------------------------|-----------------|-----------------|
| | \$'000 | \$'000 |
| Assets | | |
| <i>Held for Trading :</i> | | |
| Forward foreign exchange contracts | <u>-</u> | <u>1</u> |
| | <u>-</u> | <u>1</u> |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (level 1)
- Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

| | 2010 | | | Total \$'000 |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| Financial assets | | | | |
| <i>Financial assets designated as fair value through profit or loss</i> | | | | |
| International equities | 191,294 | - | - | 191,294 |
| | <u>191,294</u> | <u>-</u> | <u>-</u> | <u>191,294</u> |

| | 2009 | | | Total \$'000 |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------|-----------------|
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | |
| Financial assets | | | | |
| <i>Financial assets designated as fair value through profit or loss</i> | | | | |
| International equities | 348,233 | - | - | 348,233 |
| <i>Financial assets held for trading</i> | | | | |
| Forward foreign exchange contracts | - | 1 | - | 1 |
| | <u>348,233</u> | <u>1</u> | <u>-</u> | <u>348,234</u> |

When fair values of listed equity securities at the reporting date are based on quoted market prices or binding dealer price quotations without any deduction for transaction costs, the instruments are included within level 1 of the hierarchy.

For other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

The Fund uses widely recognised valuation models for determining fair values of over-the-counter derivatives. For these financial instruments, inputs into models are market observable and are therefore included within level 2. The fair values of forward foreign exchange contracts are calculated by reference to current exchange rates for contracts with similar maturity and risk profiles.

Due to their short term nature cash and cash equivalents, accounts receivable and accounts payable are stated in the Statement of Financial Position at their carrying value which is deemed approximate to their fair value.

Transfers between categories

There were no transfers between levels in the year ended 31 December 2010.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

8. EARNINGS PER UNIT

Basic earnings per unit (EPU) is calculated by dividing the net profit attributable to the Unit Holders by the weighted average number of units on issue during the period.

The Fund's diluted EPU is the same as the basic EPU since the Fund has not issued any instrument with dilutive potential.

| | 2010 | 2009 |
|-------------------------------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Profits for the period attributable to the holders of units | <u>7,635</u> | <u>3,303</u> |
| Weighted average numbers of units ('000) | <u>191,338</u> | <u>269,500</u> |

| | 2010 | 2009 |
|------------------------------------------------------|--------------------|--------------------|
| EARNINGS PER UNIT | | |
| Basic and diluted earnings per unit (cents per unit) | <u><u>3.99</u></u> | <u><u>1.23</u></u> |

9. RECEIVABLES

| | 2010 | 2009 |
|--------------------------------------|-------------------|---------------------|
| | \$'000 | \$'000 |
| Accrued investment income | 278 | 496 |
| Receivables from sale of investments | 150 | 2,294 |
| Other receivables | <u>44</u> | <u>78</u> |
| | <u><u>472</u></u> | <u><u>2,868</u></u> |

10. PAYABLES

| | 2010 | 2009 |
|---------------------------------------|---------------------|---------------------|
| | \$'000 | \$'000 |
| Payables from purchase of investments | 589 | 2,184 |
| Due to Manager | 333 | 595 |
| Due to Trustee | 19 | 25 |
| Administration fee payable | 317 | 359 |
| Legal fee payable | - | 127 |
| Other payables | <u>75</u> | <u>117</u> |
| | <u><u>1,333</u></u> | <u><u>3,407</u></u> |

11. UNIT HOLDERS' FUNDS

| | 2010 | 2009 |
|---------------------------------------------|-----------------------|-----------------------|
| | Units | Units |
| | '000 | '000 |
| Units on issue at the beginning of the year | 329,461 | 208,987 |
| Subscriptions received during the year | 8,525 | 163,635 |
| Redemptions made during the year | <u>(161,963)</u> | <u>(43,161)</u> |
| Units on issue at end of the year | <u><u>176,023</u></u> | <u><u>329,461</u></u> |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

11. UNIT HOLDERS' FUNDS (Continued)

The Fund makes distributions in April and October each year. The distribution on 28 April 2010 was \$0.00154000 per unit (2009: \$0.00550044) and the distribution on 28 October 2010 was \$0.01319310 per unit (2009: \$0.01250000). Both were fully imputed.

Redeemable Units

The Fund's capital is represented by redeemable units with no par value and is shown in the Statement of Financial Position as Unit Holders' Funds. Unit Holders are entitled to payment of a proportionate number of units based on the Fund's Unit Holders' funds per unit on the redemption date. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units.

The relevant movements are shown on the Statement of Changes in Unit Holders' Funds. In accordance with the objectives outlined in the Accounting Policies and the risk management policies in Note 16, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of securities where necessary.

Each unit in a Fund is of equal value and shall confer an equal interest in the Fund and shall not confer any interest in any particular part of the Fund or in any asset of the Fund. Unit Holders have various rights under the Trust Deed and Supplemental Deeds of the Fund, including the right to:

- Have their units redeemed;
- Receive the unit holders' funds of the Funds upon termination of the Fund;
- Receive income distributed; and
- Attend and vote at meetings of Unit Holders.

12. RECONCILIATION OF PROFIT/(LOSS) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2010 | 2009 |
|--------------------------------------------------------------------|-----------------------|-------------------------|
| | \$'000 | \$'000 |
| Profit/(Loss) after tax | 7,635 | 3,303 |
| <i>Adjustments for:</i> | | |
| Payments for the purchase of investment securities and derivatives | (9,908) | (171,282) |
| Proceeds from sale of investment securities and derivatives | 174,003 | 47,070 |
| Realised loss on investment securities and derivatives | 20,909 | 13,897 |
| Unrealised (gain) on investment securities and derivatives | (27,368) | (14,524) |
| Exit and Entry fees | (271) | (212) |
| <i>Changes in assets and liabilities:</i> | | |
| Decrease/(Increase) in receivables | 252 | (74) |
| (Decrease)/Increase in payables | (479) | 610 |
| Increase/(Decrease) in current tax payables/receivables | 1,011 | (354) |
| Net cash (outflow)/inflow from operating activities | <u>165,784</u> | <u>(121,566)</u> |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

13. CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | 2010 | | | | Total |
|-----------------------------------------------------------------------|------------------|-------------------------------------------------|-----------------------|-----------------------------------------|----------------|
| | Held for trading | Designated at fair value through profit or loss | Loans and receivables | Financial liabilities at amortised cost | |
| | \$'000 | \$'000 | \$'000 | \$'000 | |
| ASSETS | | | | | |
| Cash and cash equivalents | - | - | 1,907 | - | 1,907 |
| Investment securities designated as fair value through profit or loss | - | 191,294 | - | - | 191,294 |
| Derivatives held for trading | - | - | - | - | - |
| Receivables | - | - | 472 | - | 472 |
| Total Assets | - | 191,294 | 2,379 | - | 193,673 |
| LIABILITIES | | | | | |
| Payables | - | - | - | 1,333 | 1,333 |
| Total Liabilities | - | - | - | 1,333 | 1,333 |

| | 2009 | | | | Total |
|-----------------------------------------------------------------------|------------------|-------------------------------------------------|-----------------------|-----------------------------------------|----------------|
| | Held for trading | Designated at fair value through profit or loss | Loans and receivables | Financial liabilities at amortised cost | |
| | \$'000 | \$'000 | \$'000 | \$'000 | |
| ASSETS | | | | | |
| Cash and cash equivalents | - | - | 2,514 | - | 2,514 |
| Investment securities designated as fair value through profit or loss | - | 348,233 | - | - | 348,233 |
| Derivatives held for trading | 1 | - | - | - | 1 |
| Receivables | - | - | 2,868 | - | 2,868 |
| Total Assets | 1 | 348,233 | 5,382 | - | 353,616 |
| LIABILITIES | | | | | |
| Payables | - | - | - | 3,407 | 3,407 |
| Total Liabilities | - | - | - | 3,407 | 3,407 |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

14. MATURITY ANALYSIS

The tables below show an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Equity investments have no set maturity date and for the purpose of this analysis they are regarded as long term investments.

31 December 2010

| | Within 12 months \$'000 | Over 12 months \$'000 | Total \$'000 |
|-----------------------------------------------------------------------|-------------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | 1,907 | - | 1,907 |
| Receivables | 472 | - | 472 |
| Investment securities designated as fair value through profit or loss | - | 191,294 | 191,294 |
| Derivatives held for trading | - | - | - |
| Current tax receivable | - | - | - |
| Total Assets | <u>2,379</u> | <u>191,294</u> | <u>193,673</u> |
| LIABILITIES | | | |
| Payables | 1,333 | - | 1,333 |
| Current tax payable | <u>275</u> | - | <u>275</u> |
| Total Liabilities | <u>1,608</u> | <u>-</u> | <u>1,608</u> |

31 December 2009

| | Within 12 months \$'000 | Over 12 months \$'000 | Total \$'000 |
|-----------------------------------------------------------------------|-------------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | 2,514 | - | 2,514 |
| Receivables | 2,868 | - | 2,868 |
| Investment securities designated as fair value through profit or loss | - | 348,233 | 348,233 |
| Derivatives held for trading | 1 | - | 1 |
| Current tax receivable | <u>736</u> | - | <u>736</u> |
| Total Assets | <u>6,119</u> | <u>348,233</u> | <u>354,352</u> |
| LIABILITIES | | | |
| Payables | <u>3,407</u> | - | <u>3,407</u> |
| Total Liabilities | <u>3,407</u> | <u>-</u> | <u>3,407</u> |

15. RELATED PARTY TRANSACTIONS

Management fees

The Fund is managed by AMP Investment Management (N.Z.) Limited, which is a wholly owned subsidiary of AMP Capital Investors (New Zealand) Limited, which is ultimately owned by AMP Limited, a company listed on the Australian Stock Exchange and New Zealand Stock Exchange.

The Manager of the Fund receives a fee based on the value of the fund, up to a maximum value of 1% of net assets. Total management fees for the year amounted to \$1,414,299 (2009: \$1,979,787), with \$333,094 (2009: \$594,693) in outstanding accrued fees due to the Manager at the end of the financial period. The amounts outstanding at year end are unsecured.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

15. RELATED PARTY TRANSACTIONS (Continued)

Trustee fees

The Trustee of the Fund is The New Zealand Guardian Trust Company Limited. As per the Trust Deed the trustee fee is based on the value of the fund, up to a maximum level of 0.04% per annum. The total trustee fees for the year ended 31 December 2010 amounted to \$76,443 (2009: \$93,455), of which \$18,707 (2009: \$24,913) is outstanding at the end of the year. The amounts outstanding at year end are unsecured.

Investments by related parties

During the year members of the AMP Limited group and other funds managed by the Manager invested in the Fund. The details of the units held by the members of AMP Limited group or by other funds managed by the Manager at 31 December 2010 and 31 December 2009 and the movements during the year are as follows:

| 2010 | Units '000 | Interest held % | Units acquired during the year '000 | Units disposed of during the year '000 |
|---------------------------------------------|---------------|-----------------------|-------------------------------------------|----------------------------------------------|
| <i>Members of the AMP Limited Group</i> | | | | |
| AMP Capital Investors (New Zealand) Limited | 209 | - | 3,217 | (3,373) |
| AMP Life (N.Z.) Investments Limited | 81,258 | 46 | 1,723 | (22,827) |

Managed Funds

| | | | | |
|---------------------------------------------------------------|--------|----|-------|---------|
| AMP Superannuation Investment Trust | 7,027 | 4 | 1,845 | (1,121) |
| AMP PRP Passive International Shares Fund | 32,506 | 18 | 692 | (3,588) |
| AMP PSS ACI Global Shares Index | 10,606 | 6 | 367 | (631) |
| Customhouse Nominees (No.2) Ltd-AMP Pass International Shares | 4,227 | 2 | 90 | (688) |

| 2009 | Units '000 | Interest held % | Units acquired during the year '000 | Units disposed of during the year '000 |
|---------------------------------------------|---------------|-----------------------|-------------------------------------------|----------------------------------------------|
| <i>Members of the AMP Limited Group</i> | | | | |
| AMP Capital Investors (New Zealand) Limited | 365 | - | 3,332 | (4,917) |
| AMP Life (N.Z.) Investments Limited | 102,362 | 31 | 4,961 | (23,057) |

Managed Funds

| | | | | |
|---------------------------------------------------------------|--------|----|--------|---------|
| AMP Superannuation Investment Trust | 6,303 | 2 | 6,303 | - |
| AMP PRP Passive International Shares Fund | 35,402 | 11 | 1,162 | (3,630) |
| AMP PSS ACI Global Shares Index | 10,870 | 3 | 10,870 | - |
| Customhouse Nominees (No.2) Ltd-AMP Pass International Shares | 4,825 | 1 | 194 | (2,500) |

Investments in related parties

The Fund holds shares in the ultimate parent company.

The details of the Fund's holdings in related parties as at 31 December 2010, and the movements and distributions/dividends received during the year are as follows:

| 2010 | Units '000 | Value \$'000 | Units acquired during the year '000 | Units disposed of during the year '000 | Distributions received/receivable during the year \$'000 |
|-----------------------------------------|---------------|-----------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
| <i>Members of the AMP Limited Group</i> | | | | | |
| AMP Limited | 17 | 118 | - | (14) | 7 |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

15. RELATED PARTY TRANSACTIONS (Continued)

| 2009 | Units '000 | Value \$'000 | Units acquired during the year '000 | Units disposed of during the year '000 | Distributions received/receivable during the year \$'000 |
|-----------------------------------------|---------------|-----------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
| <i>Members of the AMP Limited Group</i> | | | | | |
| AMP Limited | 31 | 262 | 11 | - | 9 |

All related party transactions are made at arm's length on normal commercial terms and conditions.

16. FINANCIAL RISK MANAGEMENT

Strategy in Using Financial Instruments

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and market price risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund uses derivative financial instruments to moderate certain risk exposures.

The Fund's objective is to provide Unit Holders with a price and yield performance that is broadly representative of the price and yield performance of the AMP World Index, which in turn is broadly representative of the MSCI World Index (an index representative of global equities market). This objective is achieved by holding securities which, as far as possible, match the composition of the AMP World Index.

16a. Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As the sole purpose of the Fund is to track the AMP World Index, the authorised investments are restricted to AMP World Index securities and cash and cash equivalents. All securities and investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's overall market positions are monitored on a daily basis by the Investment Manager and from time to time the Investment Manager adjusts the Fund's portfolio to ensure, as far as is practical, the weightings of the portfolio confirm to the weightings of the Index. The Fund's equity securities and trading derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Tracking Methodology is covered in detail in the Fund's Prospectus and Investment Statement and has not been replicated in these notes to the financial statements. As at 31 December 2010 and 31 December 2009, the overall market exposures were as follows:

| | 2010 | | 2009 | |
|------------------------|----------------------|-----------------------------------------------------------------------|----------------------|-----------------------------------------------------------------------|
| | Fair value \$'000 | % of unit holders' funds valued at bid/asking market price % | Fair value \$'000 | % of unit holders' funds valued at bid/asking market price % |
| International equities | 191,294 | 100 | 348,233 | 99 |

The tables below show the sensitivity analysis in market price with all other variables held constant. This year the sensitivity has been reduced from 20% to 10% as the Manager considers that the new sensitivity rate reflects a more likely future movement in the AMP World Index. The comparative figures for 2009 have not been amended in line with the revised sensitivity.

| | 2010 | | | | 2009 | | | |
|------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Statement of Financial Performance | | Unit Holders' Fund | | Statement of Financial Performance | | Unit Holders' Fund | |
| | 10% increase \$'000 | 10% increase \$'000 | 10% increase \$'000 | 10% increase \$'000 | 20% increase \$'000 | 20% decrease \$'000 | 20% increase \$'000 | 20% decrease \$'000 |
| International equities | 19,129 | (19,129) | 19,129 | (19,129) | 69,647 | (69,647) | 69,647 | (69,647) |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

16. FINANCIAL RISK MANAGEMENT (Continued)

16b. Interest rate risk

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

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risks due to fluctuations in the prevailing levels of market interest rates and therefore any sensitivity is immaterial. Any excess cash and cash equivalents are invested at short-term market interest rates.

16c. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from cash and cash equivalents, derivative financial assets and balances due from the sale of investments.

With respect to credit risk arising from cash and cash equivalents, derivative financial assets and balances due from brokers the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

The majority of the Fund's financial assets and liabilities are equity securities. As a result, the Fund is not subject to significant amounts of credit risk.

16d. Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The Fund is exposed to daily cash redemptions of redeemable units. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Fund's investment securities have no maturity dates, are readily realisable and are considered long term investments. Therefore they are not included in the analysis below.

The Fund 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, the Fund may not be able to liquidate quickly 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. The only derivatives held at year end are forward foreign exchange contracts.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis.

The table below analyses the Fund's financial assets (excluding investment securities) and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

16. FINANCIAL RISK MANAGEMENT (Continued)

| | 2010 | | | | | | |
|---------------------------|---------------------------------------|---------------------------|-------------------|-----------------------|---------------------------|----------------------|-----------------|
| | Statement of Financial Position | Contractual cash flows | Within 1 month | Between 1-6 months | Between 6-12 months | Between 1-5 years | Over 5 years |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| ASSETS | | | | | | | |
| Cash and cash equivalents | 1,907 | 1,907 | 1,907 | - | - | - | - |
| Receivables | 472 | 472 | 358 | 114 | - | - | - |
| Total | 2,379 | 2,379 | 2,265 | 114 | - | - | - |
| LIABILITIES | | | | | | | |
| Payables | 1,333 | 1,333 | 922 | 411 | - | - | - |
| Total | 1,333 | 1,333 | 922 | 411 | - | - | - |

| | 2009 | | | | | | |
|---------------------------|---------------------------------------|---------------------------|-------------------|-----------------------|---------------------------|----------------------|-----------------|
| | Statement of Financial Position | Contractual cash flows | Within 1 month | Between 1-6 months | Between 6-12 months | Between 1-5 years | Over 5 years |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| ASSETS | | | | | | | |
| Cash and cash equivalents | 2,514 | 2,514 | 2,514 | - | - | - | - |
| Receivables | 2,868 | 2,868 | 2,656 | 212 | - | - | - |
| Total | 5,382 | 5,382 | 5,170 | 212 | - | - | - |
| LIABILITIES | | | | | | | |
| Payables | 3,407 | 3,407 | 2,281 | 1,126 | - | - | - |
| Total | 3,407 | 3,407 | 2,281 | 1,126 | - | - | - |

The table below analyses the net settled derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

| | 2010 | | | | | | |
|------------------------------------|---------------------------------------|---------------------------|-------------------|--------------------------|---------------------------|----------------------|-----------------|
| | Statement of Financial Position | Contractual cash flows | Within 1 month | Between 1-6 months | Between 6-12 months | Between 1-5 years | Over 5 years |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Derivative assets held for trading | - | - | - | - | - | - | - |
| Inflow | - | 3 | 3 | - | - | - | - |
| Outflow | - | - | - | - | - | - | - |
| 2009 | | | | | | | |
| Derivative assets held for trading | 1 | - | - | - | - | - | - |
| Inflow | - | 34 | 34 | - | - | - | - |
| Outflow | - | (32) | (32) | - | - | - | - |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

16. FINANCIAL RISK MANAGEMENT (Continued)

16e. Currency Risk

Currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund holds financial instruments and other monetary assets and liabilities denominated in currencies other than the New Zealand dollar, the functional currency. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Fund will necessarily be subject currency risk. The currencies in which the Fund primarily transacts are Australian dollars, US dollars, Canadian dollars, Euro, British Pound, the Swiss Franc and the Japanese Yen.

The Manager has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The tables below summarise the Fund's exposure to currency risks in New Zealand dollar value of the monetary assets and liabilities.

| | 2010 | | | | | | |
|-----------------------------------------------------------------------|---------------------|----------------------|------------------|----------------------|----------------------|----------------------|-----------------------|
| | AUD \$000 | CAD \$000 | CHF \$000 | EUR \$000 | GBP \$000 | JPY \$000 | USD \$000 |
| ASSETS | | | | | | | |
| Cash and cash equivalents | 128 | 58 | 13 | 41 | 138 | 115 | 549 |
| Receivables | - | - | - | - | 99 | - | - |
| Investment securities designated as fair value through profit or loss | 9,324 | 12,184 | - | 11,929 | 22,111 | 23,185 | 112,561 |
| Derivatives held for trading | - | 40 | - | - | - | 100 | 96 |
| Total Financial Assets | <u>9,452</u> | <u>12,282</u> | <u>13</u> | <u>11,970</u> | <u>22,348</u> | <u>23,400</u> | <u>113,206</u> |
| LIABILITIES | | | | | | | |
| Payables | 52 | 55 | - | - | - | - | 431 |
| Derivatives held for trading | - | - | - | 40 | 96 | 100 | - |
| Total Financial Liabilities | <u>52</u> | <u>55</u> | <u>-</u> | <u>40</u> | <u>96</u> | <u>100</u> | <u>431</u> |

| | 2009 | | | | | | |
|-----------------------------------------------------------------------|----------------------|----------------------|------------------|----------------------|----------------------|----------------------|-----------------------|
| | AUD \$000 | CAD \$000 | CHF \$000 | EUR \$000 | GBP \$000 | JPY \$000 | USD \$000 |
| ASSETS | | | | | | | |
| Cash and cash equivalents | 87 | 85 | 12 | 325 | 39 | 7 | 54 |
| Receivables | 77 | - | - | - | 264 | 113 | 571 |
| Investment securities designated as fair value through profit or loss | 16,909 | 20,480 | - | 25,353 | 42,847 | 40,990 | 201,654 |
| Derivatives held for trading | - | 516 | - | - | - | - | - |
| Total Financial Assets | <u>17,073</u> | <u>21,081</u> | <u>12</u> | <u>25,678</u> | <u>43,150</u> | <u>41,110</u> | <u>202,279</u> |
| LIABILITIES | | | | | | | |
| Payables | - | 589 | - | 321 | - | - | - |
| Derivatives held for trading | - | - | - | - | 274 | - | 241 |
| Total Financial Liabilities | <u>-</u> | <u>589</u> | <u>-</u> | <u>321</u> | <u>274</u> | <u>-</u> | <u>241</u> |

The tables below show the sensitivity analysis in NZD currency with all other variables remaining constant, where the Fund has the significant exposure. The analysis shows the impact of a change in the New Zealand dollar to foreign currency exchange rates. The analysis is performed on the same basis for 2009.



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

16. FINANCIAL RISK MANAGEMENT (Continued)

Foreign cash and cash equivalents

| | 2010 | | | | 2009 | | | |
|--------------|------------------------------------|------------------------|------------------------|------------------------|------------------------------------|------------------------|------------------------|------------------------|
| | Statement of Financial Performance | | Unit Holders' Fund | | Statement of Financial Performance | | Unit Holders' Fund | |
| | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 |
| AUD | 13 | (13) | 13 | (13) | 9 | (9) | 9 | (9) |
| CAD | 6 | (6) | 6 | (6) | 9 | (9) | 9 | (9) |
| CHF | 1 | (1) | 1 | (1) | 1 | (1) | 1 | (1) |
| EUR | 4 | (4) | 4 | (4) | 33 | (33) | 33 | (33) |
| GBP | 14 | (14) | 14 | (14) | 4 | (4) | 4 | (4) |
| JPY | 12 | (12) | 12 | (12) | 1 | (1) | 1 | (1) |
| USD | 55 | (55) | 55 | (55) | 5 | (5) | 5 | (5) |
| Total | 105 | (105) | 105 | (105) | 62 | (62) | 62 | (62) |

Foreign investment securities

| | 2010 | | | | 2009 | | | |
|--------------|------------------------------------|------------------------|------------------------|------------------------|------------------------------------|------------------------|------------------------|------------------------|
| | Statement of Financial Performance | | Unit Holders' Fund | | Statement of Financial Performance | | Unit Holders' Fund | |
| | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 |
| AUD | 932 | (932) | 932 | (932) | 1,691 | (1,691) | 1,691 | (1,691) |
| CAD | 1,218 | (1,218) | 1,218 | (1,218) | 2,048 | (2,048) | 2,048 | (2,048) |
| EUR | 1,193 | (1,193) | 1,193 | (1,193) | 2,535 | (2,535) | 2,535 | (2,535) |
| GBP | 2,211 | (2,211) | 2,211 | (2,211) | 4,285 | (4,285) | 4,285 | (4,285) |
| JPY | 2,319 | (2,319) | 2,319 | (2,319) | 4,099 | (4,099) | 4,099 | (4,099) |
| USD | 11,256 | (11,256) | 11,256 | (11,256) | 20,165 | (20,165) | 20,165 | (20,165) |
| Total | 19,129 | (19,129) | 19,129 | (19,129) | 34,823 | (34,823) | 34,823 | (34,823) |

Forward foreign exchange contracts

| | 2010 | | | | 2009 | | | |
|--------------|------------------------------------|------------------------|------------------------|------------------------|------------------------------------|------------------------|------------------------|------------------------|
| | Statement of Financial Performance | | Unit Holders' Fund | | Statement of Financial Performance | | Unit Holders' Fund | |
| | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 | 10% increase \$'000 | 10% decrease \$'000 |
| CAD | 4 | (4) | 4 | (4) | 52 | (52) | 52 | (52) |
| EUR | (4) | 4 | (4) | 4 | - | - | - | - |
| GBP | (10) | 10 | (10) | 10 | (27) | 27 | (27) | 27 |
| USD | 10 | (10) | 10 | (10) | (24) | 24 | (24) | 24 |
| Total | - | - | - | - | 1 | (1) | 1 | (1) |



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

16. FINANCIAL RISK MANAGEMENT (Continued)

| Receivable/(Payables) | 2010 | | | | 2009 | | | |
|-----------------------|------------------------------------|--------------|--------------------|--------------|------------------------------------|--------------|--------------------|--------------|
| | Statement of Financial Performance | | Unit Holders' Fund | | Statement of Financial Performance | | Unit Holders' Fund | |
| | 10% increase | 10% decrease | 10% increase | 10% decrease | 10% increase | 10% decrease | 10% increase | 10% decrease |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| AUD | (5) | 5 | (5) | 5 | 8 | (8) | 8 | (8) |
| CAD | (6) | 6 | (6) | 6 | (59) | 59 | (59) | 59 |
| EUR | - | - | - | - | (32) | 32 | (32) | 32 |
| GBP | 10 | (10) | 10 | (10) | 26 | (26) | 26 | (26) |
| JPY | - | - | - | - | 11 | (11) | 11 | (11) |
| USD | (43) | 43 | (43) | 43 | 57 | (57) | 57 | (57) |
| Total | (44) | 44 | (44) | 44 | 11 | (11) | 11 | (11) |

17. SEGMENT INFORMATION

The Fund operates solely in the business of investment management.

All operations except portfolio management are carried out in New Zealand. Portfolio Management is carried out in the United Kingdom.

For management purposes the Fund is organised into one main operating segment, which invests in equity securities and related derivatives. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operation decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

The table below analyses the Fund's income per geographical location. The basis for attributing the income is the place of incorporation of the equity or the instrument's counterparty.

| | 2010 \$'000 | 2009 \$'000 |
|--------------------------|----------------|----------------|
| Australia | 374 | 4,296 |
| Canada | 1,164 | 2,560 |
| Euro Zone | (1,970) | 1,682 |
| Japan | 3,139 | (6,404) |
| New Zealand | 347 | 255 |
| United Kingdom | 585 | 4,807 |
| United States of America | 8,524 | 2,314 |
| | 12,163 | 9,510 |

The table below analyses the Fund's operating income per financial asset type.

| | 2010 \$'000 | 2009 \$'000 |
|----------------------------------|----------------|----------------|
| Listed equities | 11,636 | 9,897 |
| Derivative financial instruments | 38 | (151) |
| Bank deposits and other | 489 | (236) |
| | 12,163 | 9,510 |

No individual counterparty contributed 10% or more of the Fund's operating income (2009: None).



AMP INVESTMENTS' WORLD INDEX FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

18. COMMITMENTS AND CONTINGENCIES

The Fund had no commitments or contingencies at 31 December 2010 (31 December 2009: None) other than those specified in the Financial Report.

19. EVENTS AFTER THE REPORTING PERIOD

Market Movement

Between the balance date and the date of approval of these financial statements certain markets to which the Fund has investment exposures may have changed. Movements in markets are reflected on a daily basis in unit prices.



Independent Auditor's Report

To the Unit holders of AMP Investments' World Index Fund (the "Fund")

Report on the Financial Statements

We have audited the financial statements of the Fund on pages 3 to 26, which comprise the statement of financial position of the Fund as at 31 December 2010, and the statement of financial performance, and statement of changes in unit holders' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Manager's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We provide agreed upon procedure services to the Fund. We have no other relationships with, or interest in the Fund.

Opinion

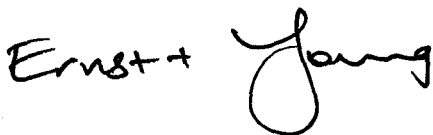
In our opinion, the financial statements on pages 3 to 26:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ comply with International Financial Reporting Standards; and
- ▶ give a true and fair view of the financial position of the Fund as at 31 December 2010 and the financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by the Fund as far as appears from our examination of those records.



18 March 2011
Wellington