

MACQUARIE ASIA NEW STARS FUND



FACTSHEET DECEMBER 2010

Lipper Leaders (3 years) **

5

Lipper Leader
Consistent Return

5

Lipper Leader
Total Return

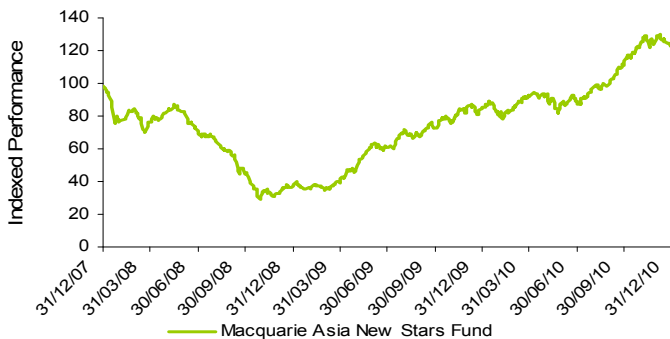
Fund Strategy

The objective of the Fund is to capture the potential growth of small capitalisation securities and IPO securities with market capitalisations between USD100m and USD4b in the Asia-Pacific region, excluding Japan. Securities will be selected based on the manager's quantitative and qualitative investment criteria that may include selecting and weighting stocks based on factors such as fundamental analysis, valuation, momentum and liquidity.

Highlights

- Over the past two years, the cumulative performance of the Fund was 230.40%, out-performing the Benchmark by 60.72%.
- Ranked 1st for 1 year and 2 years in cumulative performance amongst funds registered for sale in Hong Kong in the Lipper Asia Pacific Small & Mid Cap Equity category.#

Fund Performance*



Cumulative Performance %*

	1mth	6mths	1 yr	2 yrs	3 yrs	Since Inception
A1	-2.37%	39.46%	45.31%	230.40%	26.66%	23.97%
Benchmark**	5.05%	26.85%	24.32%	169.68%	13.51%	8.05%

Calendar Year Performance %*

	2007***	2008	2009	2010
A1	-2.13%	-61.66%	127.37%	45.31%
Benchmark**	-4.81%	-57.91%	116.93%	24.32%

* Past performance is not a reliable indicator of future performance. Performance is quoted post fees for the A1 Class of Units. Performance may vary between Classes of Units.
 ** The benchmark changed from FTSE Global Small Cap Series Greater China to MSCI Asia ex-Japan Small Companies on 1-July-2009 with a change to investment universe.
 *** Performance is calculated from the Fund's Inception Date, 05/12/2007.

Important Risk Information

- The Macquarie Asia New Stars Fund ("Fund") invests in emerging market securities, which are exposed to higher risk of economic, political and regulatory changes. These changes may pose additional risk to the Fund and securities linked to these markets are subject to higher volatility and liquidity risks.
- The Fund may invest in IPO securities - price performance of these securities may be difficult to assess due to lack of trading history.
- The Fund may invest in small and medium sized companies which may be more volatile than large sized companies.
- Investment involves risk which may result in loss of part or entire amount of your investment.
- Investors should refer to the explanatory memorandum for more information about risks. You must ensure that the intermediary who sells it to you has advised you that the fund is suitable for you.

Fund information

Net Asset Value per Unit #	A1 Class 12.397	A2 Class 17.518
Manager	Macquarie Funds Management Hong Kong Ltd	
Trustee	HSBC Trustee (Cayman) Limited	
Funds size # (USD millions)	30.33	
Inception Date	A1(USD) - 05/12/2007	A2(USD)-01/08/2009
Fund Denomination	United States Dollars	
Benchmark	MSCI Asia ex-Japan Small Companies	
Structure	Cayman Islands Domiciled Umbrella Trust	
Liquidity	Daily	
Fund codes and minimum investment amounts		
Class of Units	A1^	A2
ISIN	KYG5760E1439	KYG5760E1504
Bloomberg	MQCNSF KY Equity	MQCNA2 KY Equity
Minimum initial subscription	N/A ^	USD3,000
Minimum additional subscription amount	N/A ^	USD1,000
Fund Charges		
Initial Charge	Up to 5.0% of Subscription Amount	
Management Fee	1.50% per annum	
Performance Fee	10% of returns over a 5% p.a. hurdle subject to a high water mark.	
Fund Statistics ^ *		
	1 yr	3 yrs
Annualised Return	45.31%	8.19%
Annualised Volatility	21.87%	41.11%
Sharpe Ratio	1.75	0.15
Tracking Error	12.81%	12.78%

^ For Class A1 only. Class A1 is now closed for new subscription. # As at 31/12/2010

* Past performance is not a reliable indicator of future performance.

Key Contributors

- Two Indonesian coal companies rose 32% and 21% respectively on stronger coal prices.
- A Thai rubber producer was up 13% on strong demand for tire and rising rubber price.

Key Detractors

- A Chinese insurance broker was down 20% and a Chinese apparel retailer was down 17% on negative investor sentiment.
- A Chinese department store operator was down 16% on slowing industry sales data.

Source: Lipper, a Thompson Reuters Company. The peer group consists of Asia Pacific Small & Mid Cap Equity funds registered for sale in Hong Kong. As at 31/12/2010. Past performance is not a reliable indicator of future performance.

Portfolio Changes

- The Fund increased positions in two Chinese pharmaceuticals companies over the month. The pharmaceutical industry is seeing strong demand growth with government support via subsidies. The companies added are well positioned to capitalise on this trend with high margin products that are seeing strong demand and a solid pipeline of products that are advanced in their approval processes.
- These additions were funded by trimming two consumer positions on rich valuation and slowing industry sales data.
- The Fund also trimmed a Philippines retailer position on rising input commodity costs.

Outlook

- Consensus forecasts for 2011 points to another solid year of growth with Asia Ex Japan's GDP growth estimated at 7.5%, or some 4% ahead of Australia's forecast growth or 5% and 6% ahead of the US and Europe's growth respectively.
- Inflation has been a minor concern for the region and this is expected to continue into 2011 with ongoing tightness in food and energy markets. Policy makers have been addressing these concerns with rate rises and tightening of monetary systems. It is expected that these measures will contain inflation without dampening growth to any material extent. Hence the outlook for 2011 is for solid growth at a slightly lower rate than 2010 which benefited from a cyclical upturn from a low base in 2009.
- Overall the environment looks positive for equities, yet pricing multiples are conservative. Therefore, we are confident in the prospects for the region, particularly for less efficiently priced small to mid cap exposures to the structural economic growth phenomenon that is taking place in Asia ex-Japan.

Characteristics of Small Companies

- Small companies have a reputation for greater volatility, yet greater growth potential.
- Small companies tend to be under-researched and trade on lower valuation multiples compared to larger capitalisation peers.
- When a small company grows and increases market capitalisation, it typically attracts greater liquidity that encourages brokers to cover the company. With greater coverage more buyers are aware of the company which tends to drive valuation multiples and share prices higher.

Top 5 Holdings ^

Company	Sector	Weight
St Shine Optical Co Ltd	Health Care	4.82%
Aboitiz Power Corp	Utilities	4.76%
Dah Chong Hong Holdings Ltd	Consumer Discretionary	3.81%
EVA Precision Industrial Holdings Ltd	Industrials	3.60%
Real Gold Mining Ltd	Materials	3.53%

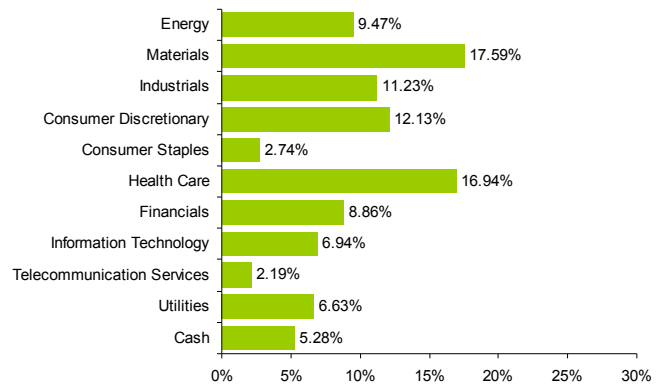
Portfolio Characteristics

	Fund	MSCI Asia ex Japan
Price to Earnings Ratio	12.07	13.85
Price to Operating Cash Flow	11.90	11.54
Earnings per Share Growth	22.30%	14.99%
Dividend Yield	1.00%	1.67%
Net Debt (Cash) to Market Capitalisation	8.30%	12.08%
Return on Equity	21.80%	13.32%

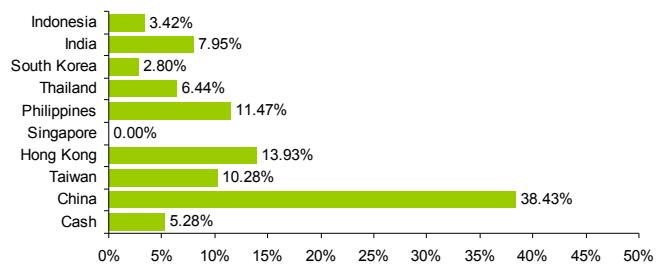
NB. All the above ratios are quoted on a one year forward basis, at 31/12/2010.

- The above ratios demonstrate the opportunity set available in the diverse universe of Asian small companies.
- These low valuations clearly discount the high growth potential, whilst strong cash flows, solid balance sheets and high returns on equity show that quality attributes may also be obtained. These attributes are indicative of the rigour and discipline of the investment process.

Sector Weighting ^



Geographical Weighting ^



^ Positions as at 31/12/2010, positions may vary over time.

Source: Macquarie Funds Management Hong Kong Limited. The Macquarie Asia New Stars Fund ("Fund") is authorised by the Securities and Futures Commission ("SFC") in Hong Kong. Such authorisation does not imply official approval or recommendation by the SFC. This document has been prepared by Macquarie Funds Management Hong Kong Limited ("Manager"). This document has not been reviewed or authorised by the SFC, and is neither an offer nor solicitation to purchase units in the Fund. Investors should refer to the Fund's Explanatory Memorandum ("EM") for detailed information prior to subscription. Applications for units may only be made on forms of application available with the EM. Past performance is not necessarily a reliable indicator of future performance. Macquarie Group, its employees and officers may act in different, potentially conflicting, roles in providing the financial services referred to in this general advice. The Macquarie Group has conflict of interest policies which aim to manage conflicts of interest. Macquarie will receive remuneration and pay commission to introducing advisers as described in the EM. Investments in the Fund are not deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("Macquarie") or any Macquarie Group company and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. None of Macquarie or any other Macquarie Group company guarantees the performance of the Fund, the repayment of capital from the Fund or any particular rate of return. Investments in the Fund may not be suitable for all investors and prospective investors should consult their professional advisers as to suitability, legal, tax and economic consequences of an investment in the Fund. Distribution of this document may be restricted in certain jurisdictions; persons into whose possession this publication comes should inform themselves of and observe such restrictions. This document does not constitute the distribution of any information or the making of any offer or solicitation by anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to distribute such a booklet or make such an offer or solicitation. US persons are not eligible. Performance figures are net of Fund level expenses but do not take into account any sales or redemptions charges or taxes which would reduce an investor's overall return. Performance figures for Class A1 reflect the reinvestment of distributions.

Lipper ratings for Consistent Return reflect fund's historical risk-adjusted returns, adjusted for volatility, relative to peers. The highest 20% of funds in each peer group are named Lipper Leader or given a score of "5". Lipper ratings for Total Return reflect funds' historical total return performance, relative to peers. Total Return is defined as the return after expenses and includes reinvested dividends. The highest 20% of funds in each peer group are named Lipper Leader or given a score of "5". The peer group for the Fund is Asia Pacific Small & Mid Cap Equity funds registered for sale in HK.

