

Macquarie Unit Trust Series

Macquarie IPO China Concentrated Core Fund

MONTHLY REPORT

JANUARY 2010



MACQUARIE

IMPORTANT RISK INFORMATION

- Investing in THE MACQUARIE IPO CHINA CONCENTRATED CORE FUND ("Fund") involves risk. The Fund may not be suitable for all investors. Please refer to the explanatory memorandum for more information about the risks of investing in the Fund.
- THE FUND MAY INVEST IN ANY ONE OR A COMBINATION OF THE FOLLOWING INSTRUMENTS:
 - IPO SECURITIES - price performance may be difficult to assess due to the lack of trading history;
 - EMERGING MARKETS SECURITIES (e.g. THE PRC) – investments in securities linked to these markets are subject to higher volatility and liquidity risks;
 - STRUCTURED PRODUCTS – the Fund may invest not more than 15% of its Net Asset Value in structured products that are not listed or quoted on an exchange or over-the-counter market or other organized securities market. Investment in structured products may be subject to liquidity, volatility and counterparty risks;
 - SMALL COMPANIES SECURITIES - stock prices of small and medium-sized companies may be more volatile than large-sized companies due to lower liquidity, greater sensitivity to changes in economic conditions and greater uncertainty over future growth prospect;
 - FUTURES – the Fund may invest in futures contracts for hedging and other purposes. Given the leverage effect embedded in futures, investments in futures may result in significant losses.
- ANY DECISION TO INVEST IN THIS FUND IS YOURS BUT YOU SHOULD NOT INVEST IN THE FUND UNLESS THE INTERMEDIARY WHO SELLS IT TO YOU HAS ADVISED YOU THAT IT IS SUITABLE FOR YOU AND HAS EXPLAINED WHY, INCLUDING HOW BUYING IT WOULD BE CONSISTENT WITH YOUR INVESTMENT OBJECTIVES.

HIGHLIGHTS

12 month return of 61.98% ranking the fund in the **high second quartile** amongst peers in Morningstar's survey of China Equity funds.

FUND PERFORMANCE

	Gross Fund Returns	FTSE All World Greater China Index	Excess Returns
1 Month	(8.36%)	(7.22%)	(1.15%)
3 Months	(2.14%)	(2.47%)	0.33%
6 Months	(5.17%)	(0.89%)	(4.28%)
12 Months	61.98%	54.37%	7.61%
Since Inception (pa)	(0.23%)	6.97%	(7.20%)

Performance quoted post fees for the A1 series. Past performance is not a reliable indicator of future performance

The Fund was down 8.36% in January under performing the FTSE All World Greater China Index by 1.15%. For the 12 months to January 2010, the Fund rose 61.98% compared to the above mentioned index at 54.37%. In the Morningstar survey of China Equity funds, the Fund is ranked high in the second quartile over a twelve month period. Key positive performers for the month included an aluminium parts producer that was up 29% on speculation of an acquisition, a Macau based casino stock that rose 16% on strong visitations and a sporting goods producer that added 12% on strong sales. Key detractors included a chemical producer that fell 27% on a potential stock overhang, an on-line real estate service provider that fell 25% on lending tightening and a gold miner that fell 22% on a weaker gold price.

PORTFOLIO UPDATE

	FUND	HSI	HSCEI
Price to Earnings Ratio	12.9	18.11	18.06
Price to Operating Cash Flow	12.8		
Earnings per Share Growth	27.9%	17.9%	18.1%
Dividend Yield	1.7%	3.2%	2.4%
Net Debt (Cash) to Market Cap.	(8.7%)	15.0%	20.6%
Return on Equity	17.6%	14.9%	22.4%

NB: All the above ratios are quoted on a one year forward basis

The above ratios demonstrate the attractive investment characteristics of IPOs and newly listed securities. The low price to earnings ratios, yet stronger earnings growth demonstrates their future growth prospects are undervalued. The high return on equity indicates that management has deployed capital and managed the business well. Strong balance sheets illustrate that the companies have the resources to execute on their growth strategies and are less likely to face financial stress or dilute.

IPO NEWS

January is typically a slower month for business activity, despite this we saw two major IPO's in the resources space come to the market raising over USD2.5b. Both of these opened poorly in an environment of weakening equity and commodities sentiment. Despite this, the flow of IPOs looks robust with several smaller IPOs in their latter stages of issuance in the Consumer, Industrials and Property sectors, each of these companies seeing robust growth in the niche markets they serve. Over the medium term we are seeing further raisings slated in the telecommunications, technology, metals and mining, consumer and property sectors.

OUTLOOK

The market suffered from poor sentiment fuelled by tighter lending practices impacting the property sector and the uncertainty surrounding Greek debt. Although these factors impacted issues coming to the market last month, it has provided better entry points into IPOs that closed late in the month at the low end of their price ranges. This tells us that the negotiating power sits in the hands of the buyer. Demand remains robust for the right companies. This presents good entry points into a market seeing continued upgrades to economic forecasts which in turn translate into positive revisions to earnings forecasts for listed equities.

PORTFOLIO CHANGES

In what was a slow month, the fund added the one major position being a Hong Kong listed Mongolian coal company. This fast growing company enjoys a very low cost base, is ideally located close to Chinese markets, has extensive reserves and is expected to supplement its growth via acquisitions. During the month the portfolio lightened its banking exposure around tightening measures that will see growth curbed and in select cases dilution from equity raisings. The fund also rotated out of cement exposures into consumer discretionary plays that are enjoying strong sales and are less exposed to the government's tightening measures.

TOP 5 HOLDINGS

COMPANY	SECTOR	WEIGHT
China Zhongwang Holdings Ltd	Materials	7.6%
Peak Sports Products Ltd	Consumer Discretionary	7.3%
BBMG Corporation Ltd	Materials	7.2%
Dah Chong Hong Holdings Ltd	Consumer Discretionary	6.9%
Industrial and Commercial Bank of China Ltd	Financials	6.5%

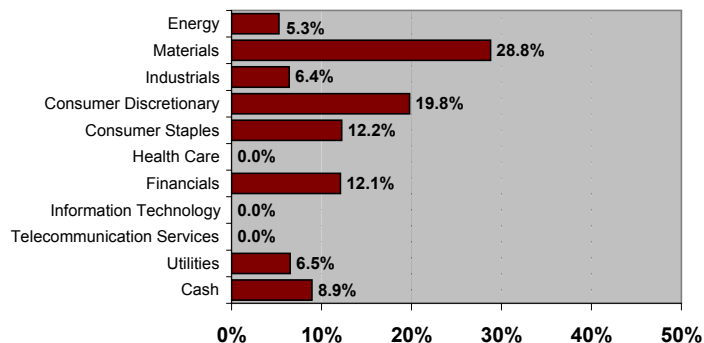
Positions as at 31-Jan-2010, positions may vary over time.

Source: Macquarie Funds Management Hong Kong Limited. The Macquarie IPO China Concentrated Core 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.

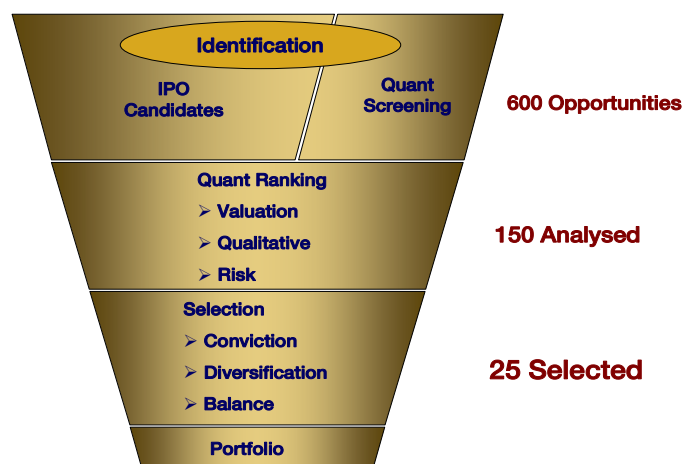
Investments in the Fund may not be suitable for all investors and prospective investors should consult their professional advisers as to suitability, legal, tax and economic consequences of an investment in the Fund. Distribution of this document may be restricted in certain jurisdictions; persons into 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 reflect the reinvestment of distributions.

SECTOR WEIGHTING



Positions as at 31-Jan-2010, positions may vary over time.

INVESTMENT PROCESS

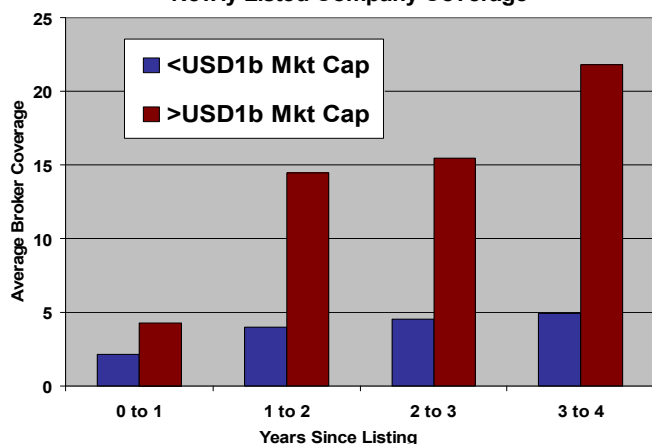


The investment process uses Macquarie's dual strengths of strong quantitative systems and the rigours and disciplines of a rigorous fundamental process. These are ideally suited to the diverse, yet under researched markets to which these securities relate. Quantitative systems are used to focus the analysis in a large investment universe. Thereafter the disciplined rigorous fundamental analysis is applied to a select list of securities with favourable investment attributes in revealing the fundamental characteristics around which more astute investment decisions can be made. Above all Macquarie's competitive advantage is driven by insights generated from more than 400 company visits undertaken each year.

CHARACTERISTICS OF IPO SECURITIES

Newly listed companies tend to be smaller and faster growing than their listed peers and hence more volatile. As these companies have recently raised capital, they are generally subject to less financial stress or suffer dilutive capital raisings and have greater financial flexibility and are better positioned to make accretive investments and acquisitions. Nevertheless being less researched (see graph below), less liquid and more volatile they tend to be discounted by the market. The fund's approach to investing in IPOs respects these observations in that it generally holds securities for several years therefore collecting any potential benefit from the both listing premium and also the lesser publicised post-listing excess return potential.

Newly Listed Company Coverage



Source: Bloomberg March 2009, Stock Exchange of Hong Kong listed companies.

STRATEGY DESCRIPTION

The Fund invests in listed equities with a focus on PRC-related IPO securities principally those listed in Hong Kong, US and Singapore. The manager constructs an investment portfolio consisting of newly listed securities that meet the fund's quantitative and qualitative criteria based on independent research and investment techniques.

FUND SNAPSHOT

Return Since Inception *				(0.66%)
Rolling 90 Day Volatility*	As at	31-Jan-10		23.42%
Net Asset Value per Unit*	As at	31-Jan-10	Class A1	US\$ 9.933
Net Asset Value per Unit	As at	31-Jan-10	Class A2	US\$ 9.097
AUM	As at	31-Jan-10		US\$81.02m

* For Class A1 only. Includes the effect of the distribution reinvestment.

FUND INFORMATION

Inception Date	Class A1 - 08 March 2007
Inception Date	Class A2 - 01 August 2009
Fund Denomination	United States Dollars
Manager	Macquarie Funds Management Hong Kong Limited
Trustee	HSBC Trustee (Cayman) Limited
Minimum Subscription	US\$ 3,000
Subscriptions/Redemptions	Daily
Sales Charge	Up to 5.0%
Management Fee	1.50% per annum
Performance Fee	10% of returns over a 5% p.a. hurdle subject to a high water mark
Domicile	Cayman Islands (umbrella trust)
Website	www.macquariefunds.com.hk
ISIN - Class A1	KYG5760E1017
ISIN - Class A2	KYG5760E1199
Bloomberg - Class A1	MQIPOC KY Equity
Bloomberg - Class A2	MQIPA2 KY Equity

MONTHLY RETURNS

2007	Gross Fund Returns	FTSE All World Greater China Index	Excess Return
MARCH	2.76%	4.05%	(1.29%)
APRIL	3.72%	1.88%	1.84%
MAY	0.08%	4.72%	(4.64%)
JUNE	6.75%	8.07%	(1.32%)
JULY	12.33%	7.21%	5.12%
AUGUST	(3.18%)	1.84%	(5.02%)
SEPTEMBER	15.28%	13.77%	1.51%
OCTOBER	8.64%	11.66%	(3.02%)
NOVEMBER	(11.71%)	(9.92%)	(1.79%)
DECEMBER	3.05%	(1.93%)	4.98%
2008			
JANUARY	(21.72%)	(14.77%)	(6.95%)
FEBRUARY	3.39%	7.52%	(4.13%)
MARCH	(12.65%)	(5.33%)	(7.32%)
APRIL	9.74%	9.35%	0.39%
MAY	4.46%	(2.82%)	7.28%
JUNE	(17.42%)	(11.53%)	(5.89%)
JULY	(0.24%)	(1.38%)	1.14%
AUGUST	(7.40%)	(5.17%)	(2.23%)
SEPTEMBER	(21.55%)	(18.86%)	(2.69%)
OCTOBER	(22.01%)	(21.17%)	(0.84%)
NOVEMBER	5.83%	(2.16%)	7.99%
DECEMBER	11.74%	7.26%	4.48%
2009			
JANUARY	(3.37%)	(6.35%)	2.98%
FEBRUARY	(6.27%)	(1.59%)	(4.68%)
MARCH	10.88%	12.25%	(1.37%)
APRIL	16.31%	14.57%	1.74%
MAY	19.85%	17.41%	2.44%
JUNE	4.84%	(0.67%)	5.51%
JULY	12.45%	11.90%	0.55%
AUGUST	(8.02%)	(5.81%)	(2.21%)
SEPTEMBER	2.19%	7.73%	(5.54%)
OCTOBER	3.09%	2.78%	0.31%
NOVEMBER	6.50%	2.04%	4.46%
DECEMBER	0.27%	3.01%	(2.74%)
2010			
JANUARY	(8.36%)	(7.22%)	(1.15%)

Performance quoted post fees for the A1 series. Performance may vary between series. Past performance is not a reliable indicator of future performance.