



December 2011 Quarterly Report

Equinox redemption suspension is still in place

The realisation of the illiquid underlying investments is progressing steadily. However, due to the unpredictability of the frequency and size of the redemption proceeds from the illiquid component funds, we are still unable to provide any guidance as to when the redemption suspension can be lifted.

Market commentary

As 2011 came to a close, the ongoing European sovereign debt crisis which had dominated the markets for much of the year, continued to weigh heavily on the global economy. Pressure mounted on European officials to find a solution to the worsening crisis as economic sentiment across the region continued to deteriorate. Globally, countries such as Japan, Hong Kong and China witnessed a dramatic decline in exports as consumer confidence in key markets including the EU remained weak. On the surface, US GDP returns for the quarter were up on the previous quarter; however, it became evident that any sustainable growth remained vulnerable to European instability. In an attempt to provide temporary relief to banks across the Euro region, the European Central Bank (ECB) implemented a number of measures, including granting €489bn in three year loans. With over 500 European banks availing of the low cost loans, the stronger than expected demand highlighted the intensity of the crisis as the global markets braced itself for a volatile close, to what had been for most markets a challenging year.

Greece, one of the first countries within the euro zone to face extreme economic difficulties, received an €8bn instalment of its 2010 €110bn bailout package during the period. The payment, which was initially suspended by EU leaders, was approved in early December subsequent to Greece implementing tougher austerity measures in their 2012 budget. As initial fears of a Greek default subsided, both Spain and Portugal also required assistance from the ECB in order to sustain their fluctuating sovereign bond yields. In a summit held in early December, aimed at tackling the worsening crisis, it was evident that the implementation of tougher austerity measures across the

entire region was just one of the steps required for any long term solution to be found. Post the quarter end, the downgrading in January by S&P of the ratings of nine European countries including France and Portugal (the latter to junk status), intensified the pressure on European leaders to act quickly to ensure the survival of the EU.

At the close of the quarter, GDP growth figures in the US showed an annual increase of 2.8 per cent. The growth, which was attributable to inventory restocking ahead of the holiday season and improved consumer expenditure, led to the strengthening of the US dollar against many of the major currencies. Although unemployment levels dropped during the period, many remained cautious as to the level of optimism attributed to the growth figures in light of the ongoing issues in Europe.

Asian commentary

Within Asia, the markets were driven predominantly by the same themes as the global economy, namely the European sovereign debt crisis. Exports, one of the largest sources of growth for Asian economies such as China and Japan, declined during the fourth quarter of 2011 as a result of the drop in export demand from Europe. Although China reported a GDP growth of 2 per cent on the previous quarter, it was the slowest pace of growth in over two years. Sharp drops in consumer expenditure, housing prices and the decline in the demand from Europe for China's exports were the main contributing factors for the weakened level of growth. Across Asia, Japan also witnessed a sharp decline in levels of exports, with flooding in Bangkok in October causing further disruptions in the sourcing of parts for automobile manufacturing. At the end of the year it appeared imminent that Asia, in particular China, needed to consider an offer of assistance to Europe in light of the dependency of both regions on each other for economic stability

MACQUARIE EQUINOX TRUST SERIES

Performance and exposure to illiquid investments

Equinox Portfolio	Macquarie Equinox 6 Trust Class A	Macquarie Equinox 6 Trust Class B	Macquarie Equinox Asia Trust Class A	Macquarie Equinox Asia Trust Class B	Macquarie Equinox Asia 2 Trust Class A	Macquarie Equinox Asia 2 Trust Class B	Macquarie Equinox Select Opportunities Trust Class A	Macquarie Equinox Select Opportunities Trust Class B
Unit prices as at 31 Dec 2011*	\$0.9531	\$0.2677	\$1.0988	\$0.3294	\$1.0882	\$0.2865	\$0.8978	\$0.6358
% NAV in illiquid investments as at 31 Dec 2011**	6%	20%	7%	25%	8%	30%	13%	18%
One month return	-0.20%	-0.83%	0.02%	0.01%	0.06%	-0.43%	-0.17%	-0.42%
Three month return	0.30%	-0.96%	0.95%	1.24%	0.71%	1.03%	1.29%	1.06%
Six month return	1.65%	-0.93%	1.40%	-2.25%	-0.39%	-3.46%	2.09%	0.60%
One year return	3.70%	0.11%	3.32%	-3.14%	0.52%	-4.61%	2.73%	-0.33%
Total return since Inception ¹	-1.96%	1.98%	12.50%	1.66%	15.37%	0.79%	-5.34%	2.27%
Annualised return since inception ¹	-0.30%	1.13%	1.96%	0.95%	2.52%	0.45%	-0.99%	1.29%
Equinox total return index ²	98.0416	94.0196	112.4999	109.3234	115.3661	114.0853	94.6574	91.4088
Current capital protected levels ³	\$1.0313	\$0.2858	\$1.0088	\$0.0734	\$1.0220	\$0.0000	1.0197	\$0.7278

ILLIQUID FUNDS

Canyon Value Realization Fund	X	X						
Drake Global Opportunities Fund	X	X						
Irongate Global Strategy Fund Ltd***							X	X
MQ Absolute Return Strategies - Asia	X	X	X	X	X	X		
Selectinvest Arbitrage/ Relative value Ltd	X	X						
Harbinger Capital Partners	X	X					X	X
Ashmore Asian Recovery Fund			X	X	X	X	X	X
ADM Galleus Fund			X	X				

* Performance and Unit Price figures are estimates and hence indicative only. For latest performance updates please visit macquarie.com.au/equinox.

** These percentages represent the approximate proportion of each portfolio invested in illiquid underlying funds.

*** Please note due to a delay in Irongate striking final NAV'S only the most recent final prices available are used to value the fund NAV.

¹ Calculated assuming the reinvestment of all Cash Distributions.

² An accumulation index based on the Equinox NAV per unit which assumes the reinvestment of all Cash Distribution.

³ Capital protection is provided to each Equinox trust through an Exposure Agreement and not to each individual investor. Capital protection will only apply on the capital protection date and is subject to certain risks. For full details, you should refer to the relevant PDS.

Past performance is not a reliable indicator of future performance.

Equinox Asia Trust and Equinox Asia 2 Trust

As a result of the ongoing market movements, both Trusts encountered several Buy and Sell triggers during the period, shifting the overall level of exposure to liquid funds within both portfolios. As at 31 December 2011, both Trusts had exposure to a total of 10 liquid hedge funds, equating to 15% of the December NAV for Asia 2 Trust and 19% for Asia Trust. As part of the Threshold management process, the Fund Trading team continue to monitor these triggers on a daily basis in order to maintain the Capital Protection structure of the product.

Outside of the Threshold Management process, both Trusts also made subscriptions during the period into the Lyxor Ortus Fund Limited (Class B). This new investment acts as a replacement for the redemptions from Clairvoyance Asia Fund, as a result of the manager's decision to close the fund. Ortus Fund Limited offers weekly liquidity along with being available on the Lyxor managed platform, which we have utilised for some of our historical and existing investments in both portfolios.

Within the illiquid fund exposures, distributions were received during the quarter from ADM Galleus (see illiquid fund update). We continue to monitor the remaining illiquid allocations in both Trusts, including fund performances and any projected distribution forecast timeframes received from the Fund manager.

Equinox 6 Trust

Currently holding approximately 6 per cent in illiquids within 6 Trust and 20 per cent within 6 Trust B, both Trusts saw an improvement in the overall liquidity levels during the quarter. Distributions were received from Drake Global Opportunities, Selectinvest Arbitrage and Canyon (the latter making two distributions during the period). Despite a drop in performance for December, both Trusts finished with positive year to date returns.

Equinox Select Opportunities Trust

November was the strongest month for both Classes due in part to distributions received from both Ashmore Asia and Irongate Global Strategy Fund. Liquidity levels marginally improved during the quarter as a result of the cash received from these distribution payments. Despite a slight drop in the Trusts performance in October and December, the overall performance for both was positive for the year to date returns.

Illiquid Funds Update

Although the portfolios still remain illiquid, overall liquidity levels improved during the quarter following distributions received from several of the underlying component funds.

The following update provides a brief overview of the illiquid funds and the liquidity progress made during the fourth quarter of 2011.

MARSA (Managed): the Asian fund of funds, which contains exposure to 11 illiquid funds split across 5 fund managers, saw a 4 per cent decrease in illiquidity levels during the closing quarter of 2011. This decrease was a direct result of distributions paid to the fund from both OZ Asia Overseas and Ashmore Asia Recovery Fund. Subsequent to the close of the quarter, information has also been received from two of the fund managers confirming additional distributions to be paid in March 2012.

Irongate Global Strategy Fund Limited: Irongate announced in late October their plans to make a further distribution via a compulsory redemption of shares from the fund. The distribution, which represented approximately 23% of the August 31 2011 net asset value of Irongate Global Strategy, was paid in November. The Fund's remaining hedge fund portfolio is comprised of funds that have suspended redemptions, are in an orderly liquidation, have gated pending redemptions, or are in some other state (e.g., side pocket) which makes the liquidity of the fund position uncertain. We will continue to actively monitor the ongoing performance of Irongate, including any realisations to ensure that we are kept informed of any further developments within the fund in a timely manner.

Canyon Value Realisation Fund: During the period, Canyon made two distributions in October and December as a result of the unwinding by the fund manager of a portion of the remaining assets within the fund. As previously reported, Canyon has returned to investors in excess of 100 per cent of the original redemption proceeds due to the appreciation in the funds assets since becoming illiquid.

Ashmore Asian Recovery Fund: Following an 18 per cent third quarter loss on performance, Ashmore rebounded slightly in the fourth quarter with a 7 per cent performance in November. Distributions were received in November of approximately 8 per cent of the Ashmore October closing fund value. The fund remains committed to returning in excess of its original 3 per cent redemption gate.

Drake Global Opportunities Fund: As a result of the maturity of one of the underlying bond positions within the Drake portfolio, the fund made a 32 per cent distribution in late November. In a recent communication from the fund manager, the fund has confirmed its intention to distribute a further 7 per cent in the first quarter of 2012. In the same communication, the fund manager also confirmed their ongoing commitment in seeking feasible exit strategies for the timely realisation of the entire fund.

Harbinger Capital Partners Offshore Fund Ltd: The fund made no further distributions during the period. The last distribution received was in August 2011 as a result of the sale of one of the funds private equity assets. At this point the fund manager has no short term distribution projections due to the composition of the fund's assets, being mostly concentrated in private equity (Class PE) and Lehman trade claims (Class L). Although the fund manager is actively seeking exit strategies, there is currently no imminent liquidity timeline with regards to the realisation of the private equity investments. The manager is of the belief that there is long term value in these remaining investments and is therefore not considering a fire sale alternative.

Select Invest Arbitrage/Relative Value Ltd: During the period the fund made a 12 per cent distribution payment in line with the projected distribution forecasts originally provided by the fund manager. The distribution which was paid in October was the first and only distribution paid by Selectinvest during the year due to the limited potential exit strategies associated with the funds remaining investments. We continue to monitor the progress of the realisation of this fund.

ADM Galleus Fund Limited: ADM is an Asian fund which specialises in investments in Asian debt and special situations. Having already returned over 89% of the original redemption proceeds, ADM continues to remain committed to providing liquidity to investors. Subsequent to the June distribution, the fund made an additional 32 per cent distribution which was paid in December. The portfolios of Asia Trust and Asia Trust Class B remain exposed to this fund.

IMPORTANT INFORMATION

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