

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

ARSN 121 371 597

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2011



MACQUARIE

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

## Annual Report

for the year ended 30 June 2011

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This annual financial report covers Macquarie Reflexion BRIC and Emerging Markets Trust as an individual entity.

#### Responsible Entity:

Macquarie Financial Products Management Limited  
ABN 38 095 135 694  
No. 1, Martin Place,  
Sydney,  
New South Wales, 2000  
AUSTRALIA

Neither the Responsible Entity, nor any member of the Macquarie Group Limited, guarantees the performance of the Macquarie Reflexion BRIC and Emerging Markets Trust, the repayments of capital or the payment of a particular rate of return on the units issued.

Macquarie Financial Products Management Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Financial Products Management Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Financial Products Management Limited.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

## Directors' Report

for the year ended 30 June 2011

The Directors of Macquarie Financial Products Management Limited (ABN 38 095 135 694) (a wholly owned subsidiary of Macquarie Group Limited), the Responsible Entity of the Macquarie Reflexion BRIC and Emerging Markets Trust ("the Trust"), submit their report together with the financial report of the Trust, for the year ended 30 June 2011.

### Principal activities

The principal activity of the Trust is to obtain investment exposures to the Macquarie - Globalis BRIC Advantage Fund under the original offers and the MSCI Emerging Markets Index under the variation offers. The Trust gains exposures to the Macquarie - Globalis BRIC Advantage Fund and the MSCI Emerging Markets Index (the "Underlying Investments") via Investment Linked Swaps in accordance with the provisions of the Trust's Constitution.

The Trust did not have any employees during the year.

There has been no significant change in the nature of this activity during the year.

### Directors

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

Antony Clubb (appointed on 11/02/2011)  
Simone Alison Mosse (resigned on 11/02/2011)  
Jason King  
Peter Bruce Lucas  
William Dudley Fox

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

### Review of results and operations

During the year, the Trust continued to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust's constitution.

The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Net profit before finance costs and income tax attributable to unitholders	16,092,987	8,233,577
Redemption distribution paid	3,673,393	187,501

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Directors' Report (continued)  
for the year ended 30 June 2011

## **Significant changes in the state of affairs**

In the opinion of the Directors, there were no significant changes to the state of affairs of the Trust during the year.

## **Significant events after the balance date**

There has been no matter or circumstance that has arisen since the end of financial year that has significantly affected, or may significantly affect, the Trust's operations in future financial years, the results of those operations or the Trust's state of affairs in future financial years.

## **Likely developments and expected results**

The Trust will continue to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust's constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of the Underlying Investments in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operation of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

## **Indemnification and insurance of officers and auditors**

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers or Directors of Macquarie Financial Products Management Limited or the auditors of the Trust. Under the Trust Constitution, Macquarie Financial Products Management Limited as Responsible Entity of the Trust is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Trust.

## **Fees paid to and units held in the Trust by the Responsible Entity and associates**

Annual administration fees paid to the Responsible Entity out of Trust property during the year are disclosed in note 10 to the financial statements.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the year.

The number of units in the Trust held by Responsible Entity and its associates as at the end of the year are disclosed in note 10 to the financial statements.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Directors' Report (continued)  
for the year ended 30 June 2011

## Units on issue

The movement in units on issue in the Trust during the financial year is disclosed in note 7 to the financial statements.

The units on issue at 30 June 2011 is as disclosed in note 7 to the financial statements.

## Trust Assets

The value of the Trust's assets and liabilities at 30 June 2011 is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

## Environmental regulation and performance

The operations of the Trust are not subject to any particular or significant environmental regulations under a law of the Commonwealth, State or Territory.

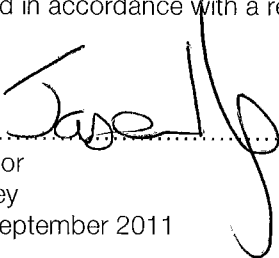
## Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the auditor of Macquarie Reflexion BRIC and Emerging Markets Trust, Ernst & Young, and is attached to the Director's report.

## Rounding of amounts

Amounts in the financial report have been rounded off to the nearest dollar unless otherwise indicated.

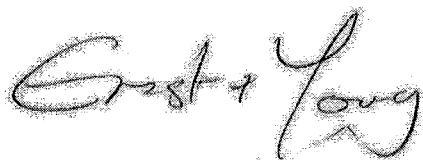
Signed in accordance with a resolution of the Directors.



.....  
Director  
Sydney  
27<sup>th</sup> September 2011

**Auditor's Independence Declaration to the Directors of Macquarie  
Financial Products Management Limited, as the Responsible Entity for  
Macquarie reFleXion BRIC and Emerging Markets Trust**

In relation to our audit of the financial report of Macquarie reFleXion BRIC and Emerging Markets Trust for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm, written in dark ink.

Ernst & Young

A handwritten signature of Darren Handley-Greaves, written in dark ink.

Darren Handley-Greaves  
Partner  
Sydney  
27 September 2011

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

## Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	Year ended	
		30 June 2011	30 June 2010
		\$	\$
<b>Income</b>			
Interest revenue	10	645,588	1,213,290
Change in fair value of Financial assets and liabilities at fair value through profit or loss	5	16,094,012	8,234,725
<b>Total income</b>		<u>16,739,600</u>	<u>9,448,015</u>
<b>Expenses</b>			
Investment Linked Swap fees	10	618,985	1,184,647
Responsible Entity fees	10	27,628	29,791
<b>Total expenses</b>		<u>646,613</u>	<u>1,214,438</u>
<b>Net profit before finance costs and income tax</b>		<u>16,092,987</u>	<u>8,233,577</u>
<b>Finance costs</b>			
Distributions paid to unitholders	6	(3,673,393)	(187,501)
Increase in net assets attributable to unitholders	7	(12,419,594)	(8,046,076)
<b>Total finance costs</b>		<u>(16,092,987)</u>	<u>(8,233,577)</u>
<b>Profit/(loss) for the year</b>		<u>-</u>	<u>-</u>
<b>Other comprehensive income/(loss)</b>			
Foreign exchange translation reserve for the year		(2,650,595)	2,021,935
Reserve movements attributable to unitholders		2,650,595	(2,021,935)
<b>Total comprehensive income/(loss) for the year</b>		<u>-</u>	<u>-</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

## Statement of Financial Position

at 30 June 2011

	Notes	30 June 2011 \$	30 June 2010 \$
<b>Assets</b>			
GST receivable		1,506	2,399
Collateral Deposits	8	75,285,180	133,409,463
Financial assets at fair value through profit or loss	9	<u>29,892,693</u>	<u>6,967,324</u>
<b>Total assets</b>		<u>105,179,379</u>	<u>140,379,186</u>
<b>Liabilities</b>			
Responsible Entity fees payable	10	8,531	8,831
Investment Linked Swap fees payable		905	2,349
Financial liabilities at fair value through profit or loss	9	<u>200,792</u>	<u>9,043,854</u>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>210,228</u>	<u>9,055,034</u>
<b>Net assets attributable to unitholders – liability</b>	7	<u>104,969,151</u>	<u>131,324,152</u>
<b>Foreign Exchange Translation Reserves</b>			
Reserves		3,302,495	5,953,090
Reserves attributable to unitholders		<u>(3,302,495)</u>	<u>(5,953,090)</u>
		<u>-</u>	<u>-</u>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

## Statement of Changes in Equity

for the year ended 30 June 2011

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Total equity at the beginning of the year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income/(loss) for the year	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the year</b>	<b>-</b>	<b>-</b>

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

## Statement of Cash Flows

for the year ended 30 June 2011

	Notes	Year ended	
		30 June 2011	30 June 2010
		\$	\$
<i>Cash flows from operating activities</i>			
Investment Linked Swap collateral deposited		-	(5,643,104)
Investment Linked Swap collateral withdrawn		36,124,000	19,703,664
Collateral Deposit interest received		647,463	1,208,657
Investment Linked Swap fee paid		(620,429)	(1,182,298)
Management fees paid		(27,034)	(26,359)
Realised gain on redemptions		3,673,393	187,501
<i>Net cash provided by operating activities</i>	11(a)	<u>39,797,393</u>	<u>14,248,061</u>
<i>Cash flows from financing activities</i>			
Payments for redemptions to unitholders		(36,124,000)	(19,703,664)
Distribution paid to unitholders		(3,673,393)	(187,501)
<i>Net cash used in financing activities</i>		<u>(39,797,393)</u>	<u>(19,891,165)</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>		-	(5,643,104)
Cash and cash equivalents at the beginning of the year		-	5,643,104
<i>Cash and cash equivalents at the end of the year</i>		<u>-</u>	<u>-</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011

## 1. Corporate information

This financial report covers Macquarie Reflexion BRIC and Emerging Markets Trust ("the Trust") as an individual entity. The Trust was constituted on 21 August 2006 and registered on 29 August 2006. The Trust is expected to terminate on 28 August 2086 unless terminated earlier in accordance with the provisions of the Trust Constitution.

Macquarie Reflexion BRIC and Emerging Markets Trust is a managed investment scheme. The Responsible Entity of the Trust is Macquarie Financial Products Management Limited ("the Responsible Entity") having its registered office at No. 1, Martin Place, Sydney, New South Wales 2000, Australia. The financial report is presented in the Australian currency.

The principal activity of the Trust is to obtain investment exposures to the Macquarie - Globalis BRIC Advantage Fund under the original offers and the MSCI Emerging Markets Index under the variation offers.

The financial statements of Macquarie Reflexion BRIC and Emerging Markets Trust for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 27<sup>th</sup> September 2011. The Directors of the Responsible Entity have the power to amend and reissue the financial report.

## 2. 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 periods presented, unless otherwise stated in the following text.

### 2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with requirement of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for Financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

Amounts in the financial report have been rounded off to the nearest dollar unless otherwise indicated.

### Statement of Compliance with International Financial Reporting Standards

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 2.1 Basis of preparation (continued)

### New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting period ended 30 June 2011. The impact of these standards and interpretations has been assessed and to the extent applicable to the Trust are discussed below. Standards and Interpretations that are not expected to have a material impact on the Trust have not been included.

*(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013).*

AASB 9 Financial Instruments addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Trust has not yet decided when to adopt AASB 9. However, management does not expect any impact on the Trust's financial statements as the Trust does not hold any available-for-sale investments.

*(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)*

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. The Trust will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Trust's financial statements.

*(iii) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)*

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First time Adoption of Australian Accounting and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitize, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Trust's disclosures. The Trust intends to apply the amendment from 1 July 2011.

*(iv) Amendments to AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 January 2011)*

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Trust does not expect that any adjustments will be necessary as a result of applying the revised rules.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 2.1 Basis of preparation (continued)

### New accounting standards and interpretations (continued)

#### (v) IFRS 10 *Consolidated Financial Statements*

IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption. The Trust has not yet decided when to adopt IFRS 10. Management does not expect this will have a significant effect on the Trust's financial statements.

#### (vi) IFRS 12 *Disclosures of Interests in Other Entities*

IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption. The Trust has not yet decided when to adopt IFRS 12. Management does not expect this will have a significant effect on the Trust's financial statements.

#### (vii) IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption. The Trust has not yet decided when to adopt IFRS 13. Management does not expect this will have a significant effect on the Trust's financial statements.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 2.2 Summary of significant accounting policies

### (a) Financial instruments

#### *(i) Classification*

The Trust's investments are classified as at fair value through profit or loss. They include derivatives such as the Investment Linked Swaps and Foreign Currency Exchange Agreements, which are considered to be held for trading in accordance with Accounting Standard AASB 139. The Trust does not designate any derivatives as hedges in a hedging relationship.

#### *(ii) Recognition/derecognition*

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

#### *(iii) Measurement*

##### *(a) Financial assets and liabilities at fair value through profit or loss*

Financial assets and liabilities at fair value through profit and loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

##### *(b) Investment Linked Swap*

The net fair value of the Investment Linked Swaps is based on the valuations provided by the Swap Counterparty which is principally driven by the value of a call option and/or movement in the Underlying Investments and the break costs and/or break gains payable/receivable if the Investment Linked Swaps were redeemed before maturity. These break costs and/or break gains are passed onto the redeeming investors through the valuation of their units.

##### *(c) Foreign Currency Exchange Agreement*

Foreign Currency Exchange Agreements are primarily used by the Trust to manage against foreign currency exchange rate risk on its non-Australian denominated Cash Collateral. Under these agreements, the Trust will commit to sell the value of the United States Dollar denominated Cash Collateral for a fixed Australian dollar amount on the maturity date. This fixed Australian Dollar amount should equal the sum of the Investment Loan Repayment obligations for all the investors in the Trust. Foreign Currency Exchange Agreements are valued at the prevailing market rate at the reporting date. The Trust recognises a gain or loss equal to the change in fair value at the reporting date.

##### *(iv) Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 2.2 Summary of significant accounting policies (continued)

### (b) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities. Subject to sufficient liquidity within the Trust, the units can be put back to the Trust equal to a proportionate share of the Trust's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unitholders exercised their right to put the units back to the Trust.

### (c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash includes cash on hand and deposits held at call with financial institutions. Cash equivalents include other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Bank overdrafts, if any, are shown separately on the statement of financial position.

Payments and receipts relating to the purchase and sale of financial assets are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

### (d) Collateral Deposit

The Collateral Deposit is held with wholly-owned subsidiaries of MGL and represents the credit support for the Investment Linked Swaps entered into between the Trust and wholly owned subsidiaries of MGL.

### (e) Investment income

Interest revenue is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method.

### (f) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

### (g) Income tax

Under current Australian legislation, the Trust is not subject to income tax provided the unitholders are presently entitled to the income of the Trust and the Trust fully distributes its net taxable income.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Distributable income is determined by reference to the net taxable income of the Trust.

### (h) Distributions to unitholders

In accordance with the Trust Constitution, the Trust fully distributes its distributable (taxable) income to unitholders. The distributions are recognised in the statement of comprehensive income as finance costs.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 2.2 Summary of significant accounting policies (continued)

### (i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

### (j) Foreign currency translation

#### *Functional and presentation currency*

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the United States Dollar. The Australian Dollar is the Trust's presentation currency. The exchange differences arising from the translation of the assets, liabilities, income and expenses from the functional currency to the presentation currency are taken to statement of comprehensive income as other comprehensive income/(loss) for the year.

#### *Transactions and balances*

Foreign currency transactions, where applicable, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

### (k) Receivables

Receivables may include amounts for interest on Collateral Deposit and Goods and Services Tax receivable from the Australian Taxation Office (ATO).

### (l) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the reporting date.

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

The GST incurred on the Responsible Entity fees has been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence Responsible Entity fees has been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Responsible Entity fees payable is inclusive of GST. The net amount of GST receivable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### (n) Use of estimates

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

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 2.2 Summary of significant accounting policies (continued)

### (n) Use of estimates (continued)

The majority of the Trust's financial instruments are over-the-counter derivatives, which are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

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

### (o) Applications and redemptions

Applications received for units by the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management

The following note disclosure provides an analysis of the financial risks that are managed by the Trust. Terms presented below and followed by an “\*” are defined within the Product Disclosure Statements.

### Investment policy

Investment policy (For 2006 & 2007 offers)

#### *Original offers*

Under the Original offers (“the Original”), Macquarie Reflexion BRIC and Emerging Markets Trust provides investors with an exposure to the Macquarie - Globalis BRIC Advantage Fund, which is capital protected in Australian dollars (“AUD”) at maturity. This Fund seeks to provide exposure to emerging market economies with a particular focus on Brazil, Russia, India and China (“BRIC”) and aims to outperform the MSCI Emerging Markets Index in USD over the long term.

#### *Variation offers*

Under the variation offers (“the Variation”), Macquarie Reflexion BRIC and Emerging Markets Trust provides investors with an exposure to the MSCI Emerging Markets Index, which is capital protected in Australian dollars (“AUD”) at maturity. This Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The exposure to the Macquarie - Globalis BRIC Advantage Fund and the MSCI Emerging Markets Index represents “the Underlying Investments” for the Trust. The Trust does not invest directly in the Underlying Investments but instead obtains an exposure to the Underlying Investments via Investment Linked Swap Agreements with wholly-owned subsidiaries of Macquarie Group Limited (the “Swap Counterparty”).

The Trust has entered into the following agreements:

- an Investment Linked Swap Agreement
- a Foreign Currency Exchange Agreement

The Investment Linked Swap Agreement is the contractual arrangement by which the Trust obtains exposures to the Underlying Investments. Each Investment Linked Swap Agreement comprise of two components:

- An Investment Linked Swap – provides the Trust with exposure to the Underlying Investments; and
- The Cash Collateral – this, in conjunction with the Foreign Currency Exchange Agreement, forms the basis of capital protection at maturity.

#### *Investment Linked Swap*

The Investment Linked Swap is a contract under which the Trust:

- may receive a payment from the Swap Counterparty at maturity, the amount of which will depend upon the performance of the Underlying Investments during the term;
- is required to pay to the Swap Counterparty an amount each month, equal to the amount of interest it receives from the Cash Collateral; and
- provides investors in the Trust with the potential to receive an annual distribution depending, among other things, on the performance of the Underlying Investment (only applicable for original offers).

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### Investment policy (continued)

#### *Cash Collateral*

The Trust deposits the offer proceeds with the Swap Counterparty in United States Dollar ("USD") as collateral for its obligation under the Investment Linked Swap Agreements. The interest earned on the Cash Collateral is applied to make payments to the Swap Counterparty under the Investment Linked Swap. The Cash Collateral will be returned to the Trust at the maturity date, or partially if unitholders make redemptions.

#### *Foreign Currency Exchange Agreement*

The Trust has entered into Foreign Currency Exchange Agreements with wholly-owned subsidiaries of Macquarie Group Limited (the "FX Counterparty"). Under these agreements, the Trust will commit to sell the value of the United States Dollar-denominated Cash Collateral for a fixed Australian dollar amount on the maturity date. This fixed Australian Dollar amount should be equal to the sum of the Investment Loan Repayment\* obligations for all the investors in the Trust.

### Investment policy (For June 2008 offers)

#### *Original offer*

Under the Original offer ("the Original"), Macquarie Reflexion BRIC and Emerging Markets Trust provides investors with an exposure to the Macquarie - Globalis BRIC Advantage Fund, which is capital protected in Australian dollars ("AUD") at maturity. This Fund seeks to provide exposure to emerging market economies with a particular focus on Brazil, Russia, India and China ("BRIC") and aims to outperform the MSCI Emerging Markets Index in USD over the long term.

#### *Variation offer*

Under the variation offer ("the Variation"), Macquarie Reflexion BRIC and Emerging Markets Trust provides investors with an exposure to the MSCI Emerging Markets Index, which is capital protected in Australian dollars ("AUD") at maturity. This Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The exposure to the Macquarie - Globalis BRIC Advantage Fund and the MSCI Emerging Markets Index represents "the Underlying Investments" for the Trust. The Trust does not invest directly in the Underlying Investments but instead obtains an exposure to the Underlying Investments via Investment Linked Swap Arrangements.

The Trust has entered into the following agreements:

- an Investment Linked Swap Agreement ("Swap Agreement")
- a Cash Collateral Agreement ("Collateral Agreement"); and
- a Foreign Currency Exchange Agreement

The Swap Agreement and the Collateral Agreement together forms the "Investment Linked Swap Arrangement".

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### Investment policy (continued)

The Investment Linked Swap Arrangement is the contractual arrangement by which the Trust obtains exposures to the Underlying Investments. The Investment Linked Swap Arrangement comprises of two components:

- Swap Agreement – provides the Trust with exposure to the Underlying Investments. This agreement is made between the Trust and Macquarie Capital Advisors Limited (the “Swap Counterparty”); and
- Collateral Agreement – this, in conjunction with the Foreign Currency Exchange Agreement, forms the basis of capital protection at maturity. This agreement is made between the Trust and Macquarie Capital Advisors Limited (the “Collateral Counterparty”).

#### *Swap Agreement*

The Swap Agreement is a contract under which the Trust:

- may receive a payment from the Swap Counterparty at maturity, the amount of which will depend upon the performance of the Underlying Investments during the term;
- is required to pay to the Swap Counterparty an amount each month, equal to the amount of interest it receives from the Cash Collateral; and
- provides investors in the Trust with the potential to receive an annual distribution depending, among other things, on the performance of the Underlying Investment (only applicable for original offer).

#### *Collateral Agreement*

The Trust deposits the offer proceeds with the Collateral Counterparty in United States Dollar (“USD”) as collateral for its obligation under the Swap Agreements. The interest earned on the Cash Collateral is applied to make payments to the Swap Counterparty under the Swap Agreements. The Cash Collateral will be returned to the Trust at the maturity date, or partially if unitholders make redemptions.

#### *Foreign Currency Exchange Agreement*

The Trust has entered into Foreign Currency Exchange Agreements with Macquarie Bank Limited (the “FX Counterparty”). Under such agreements, the Trust will commit to sell the value of the USD-denominated Cash Collateral for a fixed Australian Dollar amount on the maturity date. This fixed Australian Dollar amount should be equal to the sum of the Investment Loan Repayment\* obligations for all the investors in the Trust.

### Investment policy (For June 2009 offer)

Macquarie Reflexion BRIC and Emerging Markets Trust provides investors with an exposure to the Macquarie - Globalis BRIC Advantage Fund (being the Underlying Investment for the Trust), which is capital protected in Australian dollars (“AUD”) at maturity. This Fund seeks to provide exposure to emerging market economies with a particular focus on Brazil, Russia, India and China (“BRIC”) and aims to outperform the MSCI Emerging Markets Index in USD over the long term.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### Investment policy (For June 2009 offer) (continued)

The Trust does not invest directly in the Underlying Investment but instead obtains an exposure to the Underlying Investment via an Investment Linked Swap Arrangement.

The Trust has entered into the following agreements:

- an Investment Linked Swap Agreement ("Swap Agreement")
- a Cash Collateral Agreement ("Collateral Agreement"); and
- a Foreign Currency Exchange Agreement

The Swap Agreement and the Collateral Agreement together forms the "Investment Linked Swap Arrangement".

The Investment Linked Swap Arrangement is the contractual arrangement by which the Trust obtains exposure to the Underlying Investment. The Investment Linked Swap Arrangement comprises of two components:

- Swap Agreement – provides the Trust with exposure to the Underlying Investment. This agreement is made between the Trust and Macquarie Bank Limited (the "Swap Counterparty"); and
- Collateral Agreement – this, in conjunction with the Foreign Currency Exchange Agreement, forms the basis of capital protection at maturity. This agreement is made between the Trust and Macquarie Bank Limited (the "Collateral Counterparty").

#### *Swap Agreement*

The Swap Agreement is a contract under which the Trust:

- may receive a payment from the Swap Counterparty at maturity, the amount of which will depend upon the performance of the Underlying Investment during the term;
- is required to pay to the Swap Counterparty an amount at each three months period, equal to the amount of interest it receives from the Cash Collateral; and
- provides investors in the Trust with the potential to receive an annual distribution depending, among other things, on the performance of the Underlying Investment.

#### *Collateral Agreement*

The Trust deposits the offer proceeds with the Collateral Counterparty in United States Dollar ("USD") as collateral for its obligation under the Swap Agreement. The interest earned on the Cash Collateral is partly applied to make payments to the Swap Counterparty under the Swap Agreement and partly paid as fee to Responsible Entity. The Cash Collateral will be returned to the Trust at the maturity date, or partially if unitholders make redemptions.

#### *Foreign Currency Exchange Agreement*

The Trust has entered into Foreign Currency Exchange Agreement with Macquarie Bank Limited (the "FX Counterparty"). Under this agreement, the Trust will commit to sell the value of the USD denominated Cash Collateral for a fixed Australian Dollar amount on the maturity date. This fixed Australian Dollar amount should be equal to the sum of the Investment Loan Repayment\* obligations for all the investors in the Trust.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### Risk management

The Trust's activities expose it to a variety of financial risks: market risk (including market price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Trust to manage these risks are discussed below.

#### (a) Market risk

Market risk is the exposure to adverse changes in the value of the Trust's investment portfolios as a result of changes in market prices or volatility. The Trust is exposed to the following risks in each of the major markets in which it trades:

##### (i) Market price risk

The Trust is exposed to market price risk on its investment in Investment Linked Swaps. The value of the Trust's investment in the Investment Linked Swaps is linked to the Macquarie - Globalis BRIC Advantage Fund for original offers and based on a call option over MSCI Emerging Markets Index for variation offers. These Investments are impacted by the changes in prices of underlying listed equity securities. As the Investment Linked Swaps are denominated in USD, these are also affected by movements in the AUD/USD exchange rates. The maximum risk exposure to the Trust at the reporting date is determined by the fair value of the Investment Linked Swaps as disclosed within note 9.

This risk is managed by the Swap Counterparty through the application of Threshold Management\* (only applicable for original offers). The Threshold Management technique involves allocating part of the investment exposure to higher risk assets, like the Underlying Investment, and part to a lower risk asset like a cash deposit. Therefore, the Trust may not always be exposed to 100% of the movements in the Underlying Investment although the maximum exposure of the Trust to the Underlying Investment could be 100%. The Trust does not directly hold the Underlying Investment and/or the cash deposit, but instead achieves exposure to these assets through the Investment Linked Swap Agreements. The Investment Linked Swaps are impacted by movements in the prevailing interest rates (only applicable for original offers) in their cash deposits allocation.

The table on the next page summarises the impact of an increase/decrease of the Underlying Investments on the Trust's profit and loss attributable to unitholders at 30 June 2011. As a separate Investment Linked Swap Agreement has been entered into for each class of units, and each Investment Linked Swap Agreement has different levels of exposures to the Underlying Investments, the table below discloses the impact for each Agreement.

For original offers, the analysis is based on assumptions that the Underlying Investment increased/decreased by 15% (2010: 10%) with all other variables including participation rates held constant and that fair value of the Investment Linked Swaps moved in a direct correlation with this increase/decrease. For the analysis, the % increase/decrease in the Underlying Investment is on the basis of simple average of absolute movements in the Investment levels over the period of the last three years. The impact arises from reasonably possible change in the value of the Underlying Investment. However, actual price movements may be greater or less than those presented below.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### (i) Market price risk (continued)

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders**		Impact on profit or (loss) attributable to unitholders**	
Change in Underlying Investments	+15%	-15%	+10%	-10%
	\$		\$	
<i>Investment Linked Swap</i>				
<i>December 2006 original offer</i>	293,835	(293,835)	329,470	(329,470)
<i>June 2007 original offer</i>	267,698	(267,698)	302,734	(302,734)
<i>December 2007 original offer</i>	-	-	-	-
<i>June 2008 original offer</i>	352,000	(352,000)	370,255	(370,255)
<i>June 2009 original offer</i>	388,693	(388,693)	421,376	(421,376)
<b>Total</b>	<b>1,302,226</b>	<b>(1,302,226)</b>	<b>1,423,835</b>	<b>(1,423,835)</b>

At the reporting date as a result of the application of Threshold Management\* (only applicable for original offers), a portion of the underlying exposure of the Investment Linked Swaps was allocated to cash deposits or assets with a similar market price risk profile. For the portion of the Investment Linked Swaps exposure allocated to assets such as cash deposits the Responsible Entity considers that sensitivity to market price risk is not significant at the reporting date.

For variation offers, the analysis is based on assumptions that the Underlying Investment increased/decreased by 15% (2010:15%) with all other variables held constant. The impact arises from reasonably possible change in the fair value of the Investment Linked Swaps. The reasonably possible movements in the risk variables have been determined based on Management's best estimate, having regard to a number of factors, including historical levels of changes in underlying funds investment unit price. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the underlying fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders**		Impact on profit or (loss) attributable to unitholders**	
Change in Underlying Investments	+15%	-15%	+15%	-15%
	\$		\$	
<i>Investment Linked Swap</i>				
<i>December 2006 variation offer</i>	1,304,834	(1,141,364)	784,172	(789,298)
<i>June 2007 variation offer</i>	2,984,927	(2,610,974)	1,232,396	(1,330,451)
<i>December 2007 variation offer</i>	3,787,393	(3,422,101)	832,637	(946,919)
<i>June 2008 variation offer</i>	2,606,921	(2,391,852)	1,331,612	(1,414,048)
<b>Total</b>	<b>10,684,075</b>	<b>(9,566,291)</b>	<b>4,180,817</b>	<b>(4,480,716)</b>

\*\* Positive numbers indicate increase in profit and negative numbers indicate decrease in profit due to movement in Underlying Investments. There is no effect on other comprehensive income as the Trust has no assets classified as available for sale or designated hedging instruments.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### (i) Market price risk (continued)

The table below indicates the impact that a +/- 15% (2010: +/- 10%) change in foreign currency exchange rates would have on the market price of the Trust's investment in the Investment Linked Swaps and therefore profit and loss attributable to unitholders. As the functional currency of the Trust is the United States Dollar, the movement presented is based on a movement in the Australian Dollar relative to the United States Dollar. The reasonable possible movement in the exchange rate has been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and market volatility.

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders***		Impact on profit or (loss) attributable to unitholders***	
Change in currency rates	+15 %	-15 %	+10 %	-10 %
	\$		\$	
USD – AUD Exchange Rate				
<i>December 2006 original offer</i>	-	-	75,015	(75,015)
<i>December 2006 variation offer</i>	(354,221)	354,221	154,059	(154,059)
<i>June 2007 original offer</i>	-	-	(58,596)	58,596
<i>June 2007 variation offer</i>	(538,455)	538,455	6,714	(6,714)
<i>December 2007 original offer</i>	-	-	(94,974)	94,974
<i>December 2007 variation offer</i>	(320,858)	320,858	(332,671)	332,671
<i>June 2008 original offer</i>	-	-	(27,555)	27,555
<i>June 2008 variation offer</i>	(697,823)	697,823	19,561	(19,561)
<i>June 2009 original offer</i>	-	-	50,379	(50,379)
<b>Total</b>	<b>(1,911,357)</b>	<b>1,911,357</b>	<b>(208,068)</b>	<b>208,068</b>

\*\*\* Positive numbers indicate decrease in profit and negative numbers indicate increase in profit due to movement in foreign currency exchange rates. There is no effect on other comprehensive income as the Trust has no assets classified as available for sale or designated hedging instruments.

As explained above, some part of the Underlying Investments could be allocated to a lower risk asset like a cash deposit as a part of Threshold Management\* (only applicable for original offers). This Cash deposit is interest bearing and is impacted by movements in interest rate.

The table on the next page summarises the impact of an increase/decrease of interest rates on the Trust's profit and loss at 30 June 2010 for original offers. As a separate Investment Linked Swap Agreements has been entered into for each class of units, and each Investment Linked Swap Agreement has different levels of exposure to the Underlying Investments, the table below discloses the impact for each Agreement.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### (i) Market price risk (continued)

The analysis is based on the assumption that interest rates changed by +/- 25 basis points (2010: +/- 50 basis points) from the year end rates with all variables including participation rates held constant. The impact mainly arises from changes in the value of Cash deposit placed under the application of Threshold Management\* (only applicable for original offers).

	30 June 2011		30 June 2010	
	Impact on profit or (loss) attributable to unitholders****		Impact on profit or (loss) attributable to unitholders****	
Change in interest rates	+25 basis points	-25 basis points	+50 basis points	-50 basis points
	\$		\$	
December 2006 original offer	(19,902)	20,099	(81,979)	84,020
June 2007 original offer	(41,742)	42,154	(179,028)	183,486
December 2007 original offer	(47,469)	48,054	(182,010)	187,441
June 2008 original offer	(29,194)	29,554	(118,539)	122,076
June 2009 original offer	(3,546)	3,598	(36,510)	37,781
Total	(141,853)	143,459	(598,066)	614,804

\*\*\*\* Positive numbers indicate increase in profit and negative numbers indicate decrease in profit due to movement in interest rates. There is no effect on other comprehensive income as the Trust has no assets classified as available for sale or designated hedging instruments.

The Trust is also exposed to price risk on the value its investment in Foreign Currency Exchange Agreements. The Trust has entered into these agreements to hedge its Foreign Exchange exposure on the balance of the Cash Collateral Agreements, which is denominated in USD. No Market Price risk analysis has been presented due to the Responsible Entity's assessment that such risks are insignificant as any price movement in the Foreign Currency Exchange Agreements would be materially offset by movements in the Cash Collateral balance.

### (ii) Foreign exchange risk

In accordance with the Australian Accounting Standards, foreign exchange risk only arises on monetary financial instruments denominated in a currency other than USD, being the functional currency of the Trust.

The Trust's only monetary financial instrument is the Cash Collateral, which is denominated in the USD. Therefore, the Trust is not exposed to foreign exchange risk per the Australian Accounting Standards.

### (iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or its cash flows will fluctuate due to changes in market interest rates.

All assets and liabilities are non-interest bearing with the exception of the Collateral Deposits. Interest income and swap fee expense may fluctuate in amount due to changes in interest rates. No interest rate risk analysis is presented due to the Responsible Entity's assessment that such risks are insignificant as the amount of interest income is offset by the swap fee expense under the Investment Linked Swap Agreements.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### (b) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Potential areas of credit risk consist of the Collateral Deposit and the Financial assets at fair value through profit or loss. These areas of credit risk include exposures to the Swap Counterparty, the Collateral Counterparty and the FX Counterparty. The Trust manages its exposure to credit risk by dealing with well established financial institutions that the Responsible Entity has assessed to have a high quality credit standing. The credit standing of these counterparties is monitored on a regular basis.

#### Maximum exposure to credit risk

The carrying amount of financial assets best represents the maximum credit risk exposure at the reporting date. The table below details the concentration of credit exposure of the Trust's assets to significant geographical locations and counterparty types. The amounts shown represent the maximum credit risk of the Trust's assets equal to the carrying value of the assets.

As at 30 June 2011

	Financial assets at fair value through profit or loss	Collateral Deposits	Total
	\$	USD	\$
<b>Australia</b>			
Financial institutions	29,892,693	75,285,180	105,177,873
<b>Total Australia</b>	<b>29,892,693</b>	<b>75,285,180</b>	<b>105,177,873</b>
<b>Total Gross credit risk</b>	<b>29,892,693</b>	<b>75,285,180</b>	<b>105,177,873</b>

As at 30 June 2010

	Financial assets at fair value through profit or loss	Collateral Deposits	Total
	\$	USD	\$
<b>Australia</b>			
Financial institutions	6,967,324	133,409,463	140,376,787
<b>Total Australia</b>	<b>6,967,324</b>	<b>133,409,463</b>	<b>140,376,787</b>
<b>Total Gross credit risk</b>	<b>6,967,324</b>	<b>133,409,463</b>	<b>140,376,787</b>

#### Credit quality of financial assets

The credit quality of financial assets is managed by the Trust using external credit ratings, where available. Where a financial guarantee has been provided over the performance of a counterparty, the credit quality of the provider of the guarantee is considered in assessing the overall credit quality of the exposure. The exposure to credit risk for Collateral Deposits and Financial assets at fair value through profit or loss is low as all counterparties have a rating of at least A- (2010: A-) as determined by Standards and Poor's rating agency.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### (c) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. The Trust is exposed to semi-annual redemptions of units. The Trust manages this risk by entering into the Investment Linked Swap and Collateral Deposit Agreements which allows the Trust to partially redeem its investment by providing the counterparty at least 5 business days notice before the redemption date. By partially redeeming its investment, the Trust will receive a portion of the Collateral Deposit plus any uplift, if any, in the value of the Investment Linked Swaps.

The Trust has entered into derivatives contracts, which are not traded in an organised market and may be illiquid. As a result, the Trust may not be able to quickly liquidate its investments in these instruments at amounts close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty. The Trust manages its exposure to liquidity risk by monitoring the credit worthiness of all the Trust's counterparties on a regular basis.

The table on the next page analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As unitholders have the choice of redeeming units before maturity, the table reflects the earliest date on which redemption would be permitted. In addition, as redemption of units would result in the Trust partially redeeming its investment in the Investment Linked Swaps and Foreign Currency Exchange Agreements, these balances, to the extent they represent a liability, are also included in the table based on the earliest date on which redemption would be permitted. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not viewed by the Responsible Entity as significant.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### (c) Liquidity risk (continued)

As at 30 June 2011	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$	\$	\$
Financial liabilities at fair value through profit or loss	-	-	200,792	-	-	200,792
Investment Linked Swap Fees payable	-	905	-	-	-	905
Responsible Entity fees payable	8,531	-	-	-	-	8,531
Net assets attributable to unitholders	-	-	104,969,151	-	-	104,969,151
<b>Total undiscounted financial liabilities</b>	<b>8,531</b>	<b>905</b>	<b>105,169,943</b>	<b>-</b>	<b>-</b>	<b>105,179,379</b>
Foreign Currency Exchange Agreement – notional amounts						
Buy AUD	-	-	107,216,575	-	-	107,216,575
Sell USD (AUD-equivalent)	-	-	(75,282,392)	-	-	(75,282,392)

As at 30 June 2010	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$	\$	\$
Financial liabilities at fair value through profit or loss	-	-	9,043,854	-	-	9,043,854
Investment Linked Swap Fees payable	-	2,349	-	-	-	2,349
Responsible Entity fees payable	8,831	-	-	-	-	8,831
Net assets attributable to unitholders	-	-	131,324,152	-	-	131,324,152
<b>Total undiscounted financial liabilities</b>	<b>8,831</b>	<b>2,349</b>	<b>140,368,006</b>	<b>-</b>	<b>-</b>	<b>140,379,186</b>
Foreign Currency Exchange Agreement – notional amounts						
Buy AUD	-	-	148,845,438	-	-	148,845,438
Sell USD (AUD-equivalent)	-	-	(133,404,829)	-	-	(133,404,829)

### (d) Fair value of financial assets and liabilities

#### (i) Fair value estimation

The carrying amounts of the Trust's assets and liabilities at the reporting date approximate their fair values. The following methods and significant assumptions have been applied in determining the fair values of financial instruments:

The fair value of the Foreign Currency Exchange Agreements is estimated at the amount that the Trust would receive or pay to terminate the contract at the reporting date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 3. Financial risk management (continued)

### (d) Fair value of financial assets and liabilities (continued)

#### (i) Fair value estimation (continued)

The fair value of the Investment Linked Swaps is based on pricing provided by the Swap Counterparty who is the calculation agent to the Investment Linked Swap Agreements. The pricing is based on the value of a call option and/or movement in the Underlying Investments and/or on a formula agreed to by both parties and takes into account the percentage of the Investment Linked Swap exposed to the Underlying Investments, the valuation of the Underlying Investments and the cash deposits.

#### (ii) Fair value hierarchy

AASB 7 requires the Trust to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

**Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

**Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The following table shows financial instruments recorded at fair value, analysed for the levels of fair value hierarchy.

	30 June 2011	30 June 2010
	Level 2	Level 2
	\$	\$
<b>Financial assets at fair value through profit or loss</b>		
<i>Financial assets held for trading</i>		
Investment Linked Swaps	13,165,988	6,723,438
Foreign Currency Exchange Agreements	16,726,705	243,886
	<u>29,892,693</u>	<u>6,967,324</u>
<b>Financial liabilities at fair value through profit or loss</b>		
<i>Financial liabilities held for trading</i>		
Investment Linked Swaps	200,792	2,583,446
Foreign Currency Exchange Agreements	-	6,460,408
	<u>200,792</u>	<u>9,043,854</u>

Fair value of the Trust's financial instruments which include Foreign Currency Exchange Agreements and Investment Linked Swaps is estimated on the basis of inputs based on observable market data and accordingly Trust's financial assets and liabilities are classified within level 2.

There have been no transfers between levels for the year ended 30 June 2011.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 4. Auditor's remuneration

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Amounts received or due and receivable by Ernst & Young for:		
- an audit and review of the financial report of the Trust	7,940	7,710
- an audit of compliance plan	310	290
	<u>8,250</u>	<u>8,000</u>

No non-audit fees were paid/payable during the year (2010: \$Nil).

The Responsible Entity pays fees to the auditor on behalf of the Trust. It is not the intention of the Responsible Entity to recharge the fees to the Trust, as permitted by the Constitution. No contingent liability has been recognised by the Trust in relation to fees.

## 5. Change in fair value of Financial assets and liabilities at fair value through profit or loss

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Net change in fair value of Investment Linked Swaps	15,319,945	12,675,718
Net change in fair value Foreign Currency Exchange Agreements	28,127,780	2,699,042
Net foreign currency translation on unitholders funds	(27,353,713)	(7,140,035)
Net change in fair value of Financial assets and liabilities at fair value through profit or loss	<u>16,094,012</u>	<u>8,234,725</u>

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 6. Distributions to unitholders\*

The distributions paid/payable to unitholders for the year is as follows:

	Distributions \$	2011 Number of units	Distributions per unit cents/unit	Distributions \$	2010 Number of units	Distributions per unit cents/unit
December'06 original offer Redemption distributions paid	84,520	855,000	9.89	110,893	33,302,800	5.53
	84,520	855,000	-	110,893	33,302,800	-
December'06 variation offer Redemption distributions paid	547,372	2,245,000	24.38	140,460	93,457,005	11.82
	547,372	2,245,000	-	140,460	93,457,005	-
June'07 original offer Redemption distributions paid/(recovered)	40,204	2,230,000	1.80	(152,875)	7,974,000	(4.18)
	40,204	2,230,000	-	(152,875)	7,974,000	-
June'07 variation offer Redemption distributions paid	1,348,049	10,211,000	13.20	103,132	17,380,000	1.93
	1,348,049	10,211,000	-	103,132	17,380,000	-
December'07 original offer Redemption distributions recovered	(78,433)	1,627,000	(4.82)	(242,553)	30,567,000	(9.44)
	(78,433)	1,627,000	-	(242,553)	30,567,000	-
December'07 variation offer Redemption distributions paid/(recovered)	173,643	13,199,000	1.32	(127,668)	108,043,060	(6.71)
	173,643	13,199,000	-	(127,668)	108,043,060	-
June'08 original offer Redemption distributions paid	156,065	869,000	17.96	189,805	4,253,336	11.56
	156,065	869,000	-	189,805	4,253,336	-

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 6. Distributions to unitholders (continued)

	Distributions \$	2011 Number of units	Distributions per unit cents/unit	Distributions \$	2010 Number of units	Distributions per unit cents/unit
June'08 variation offer						
Redemption distributions paid	1,264,934	4,063,000	31.13	144,481	6,051,000	14.05
	1,264,934	4,063,000	-	144,481	6,051,000	-
June'09 original offer						
Redemption distributions paid	137,039	825,000	16.61	21,826	3,067,000	5.90
	137,039	825,000	-	21,826	3,067,000	-
Grand Total	3,673,393	36,124,000	-	187,501	19,703,664	-

\* Positive numbers indicates break gain on redemption paid to unitholders and negative number indicate break cost received from unitholders.

## 7. Net assets attributable to unitholders

As stipulated within the Trust Constitution, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust. The Trust has issued units to investors in nine different offers and units of each offer constitute a separate class of units. Each unit of a particular class has the same rights attached to it as all other units of that particular class.

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

	Units on issue		Unitholders' Funds	
	30 June 2011 No. of units	30 June 2010 No. of units	30 June 2011 \$	30 June 2010 \$
December 06 original offer				
Opening balance	7,323,000	20,297,000	7,610,520	20,442,854
Transfer to December 06 variation offer	-	(10,968,000)	-	(11,046,816)
Redemptions	(855,000)	(2,006,000)	(855,000)	(2,006,000)
Increase in net assets attributable to unitholders	-	-	605,961	229,597
Reserve movements attributable to unitholders	-	-	(233,614)	(9,115)
Closing balance	6,468,000	7,323,000	7,127,867	7,610,520

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 7. Net assets attributable to unitholders (continued)

	Units on issue		Unitholders' Funds	
	30 June 2011 No. of units	30 June 2010 No. of units	30 June 2011 \$	30 June 2010 \$
<b>December 06 variation offer</b>				
Opening balance	9,780,000	-	10,702,735	-
Transfer from December 06 original offer	-	10,968,000	-	11,046,816
Redemptions	(2,245,000)	(1,188,000)	(2,245,000)	(1,188,000)
Increase in net assets attributable to unitholders	-	-	1,424,452	683,793
Reserve movements attributable to unitholders	-	-	(488,972)	160,126
Closing balance	7,535,000	9,780,000	9,393,215	10,702,735
<b>June 07 original offer</b>				
Opening balance	12,019,000	48,274,000	11,558,219	44,598,983
Transfer to June 07 variation offer	-	(32,595,000)	-	(30,113,599)
Redemptions	(2,230,000)	(3,660,000)	(2,230,000)	(3,660,000)
Increase in net assets attributable to unitholders	-	-	859,200	535,709
Reserve movements attributable to unitholders	-	-	(155,096)	197,126
Closing balance	9,789,000	12,019,000	10,032,323	11,558,219
<b>June 07 variation offer</b>				
Opening balance	27,258,000	-	27,609,050	-
Transfer from June 07 original offer	-	32,595,000	-	30,113,599
Redemptions	(10,211,000)	(5,337,000)	(10,211,000)	(5,337,000)
Increase in net assets attributable to unitholders	-	-	2,813,518	2,250,066
Reserve movements attributable to unitholders	-	-	(757,560)	582,385
Closing balance	17,047,000	27,258,000	19,454,008	27,609,050
<b>December 07 original offer</b>				
Opening balance	7,842,347	46,180,011	7,222,297	40,212,936
Transfer to December 07 variation offer	-	(35,767,000)	-	(31,145,425)
Redemptions	(1,627,000)	(2,570,664)	(1,627,000)	(2,570,664)
Increase in net assets attributable to unitholders	-	-	345,965	543,487
Reserve movements attributable to unitholders	-	-	74,345	181,963
Closing balance	6,215,347	7,842,347	6,015,607	7,222,297

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 7. Net assets attributable to unitholders (continued)

	Units on issue		Unitholders' Funds	
	30 June 2011 No. of units	30 June 2010 No. of units	30 June 2011 \$	30 June 2010 \$
<b>December 07 variation offer</b>				
Opening balance	33,865,000	-	31,961,958	-
Transfer from December 07 original offer	-	35,767,000	-	31,145,425
Redemptions	(13,199,000)	(1,902,000)	(13,199,000)	(1,902,000)
Increase in net assets attributable to unitholders	-	-	2,843,194	2,086,186
Reserve movements attributable to unitholders	-	-	51,860	632,347
Closing balance	20,666,000	33,865,000	21,658,012	31,961,958
<b>June 08 original offer</b>				
Opening balance	7,182,000	28,182,000	7,938,410	30,080,701
Transfer to June 08 variation offer	-	(19,358,000)	-	(20,662,203)
Redemptions	(869,000)	(1,642,000)	(869,000)	(1,642,000)
Increase in net assets attributable to unitholders	-	-	589,471	133,705
Reserve movements attributable to unitholders	-	-	(193,438)	28,207
Closing balance	6,313,000	7,182,000	7,465,443	7,938,410
<b>June 08 variation offer</b>				
Opening balance	18,330,000	-	21,159,399	-
Transfer from June 08 original offer	-	19,358,000	-	20,662,203
Redemptions	(4,063,000)	(1,028,000)	(4,063,000)	(1,028,000)
Increase in net assets attributable to unitholders	-	-	2,378,116	1,257,479
Reserve movements attributable to unitholders	-	-	(765,523)	267,717
Closing balance	14,267,000	18,330,000	18,708,992	21,159,399
<b>June 09 original offer</b>				
Opening balance	5,275,000	5,645,000	5,561,564	5,624,331
Redemptions	(825,000)	(370,000)	(825,000)	(370,000)
Increase in net assets attributable to unitholders	-	-	559,717	326,054
Reserve movements attributable to unitholders	-	-	(182,597)	(18,821)
Closing balance	4,450,000	5,275,000	5,113,684	5,561,564
<b>Grand Total</b>	<b>92,750,347</b>	<b>128,874,347</b>	<b>104,969,151</b>	<b>131,324,152</b>

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 7. Net assets attributable to unitholders (continued)

### Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a semi-annual basis as the Trust is subject to periodic applications (depending upon subsequent offers made by the Responsible Entity) and semi-annual redemptions that are at the discretion of unitholders. However, no repurchase of unitholders funds will be allowable for 1 year from the date of the issuance of that Unit (with exceptions in severely limited circumstances as decided by the Responsible Entity).

The Trust aims to capital protect investors' Investment Loan Repayment (as defined within the Product Disclosure Statement for each offer of the Trust) when held to maturity. The Trust seeks to achieve this by placing Australian Dollar ("AUD") cash inflows from investor contributions on deposit with the counterparty to the Investment Linked Swap Agreements in United States Dollar (the "Collateral Deposit"). Under the Investment Linked Swap Agreements, the counterparty will return the Collateral Deposit to the Trust at maturity plus any uplift if any, in the Underlying Investments. The Trust has separately entered into Foreign Currency Exchange Agreements with subsidiaries of Macquarie Group Limited (the "FX Counterparty") to sell the value of the United States Dollar -denominated Collateral Deposit for a fixed Australian Dollar amount at maturity. This fixed Australian Dollar amount should equal the value of the investor's Investment Loan Repayment. The ability of the Trust to meet its objectives is dependent on investors not redeeming units before their maturity and on the performance of the counterparties to the Investment Linked Swap Agreements and the Foreign Currency Exchange Agreements.

As stated above, the Trust does allow investors to redeem some or all of their units before maturity semi-annually. If an investor redeems their units before maturity, the Trust no longer has the objective to capital protect the investors' Investment Loan Repayment. The Trust can partially redeem its Investment Linked Swap semi-annually by providing the counterparty at least 5 business days notice. The Trust will be obligated to pay any break costs on the Investment Linked Swap Agreement and on the Foreign Currency Exchange Agreement. In addition, the Trust will be exposed to movements in the AUD/USD foreign exchange rate if units are redeemed before maturity. These exposures are passed onto the redeeming investors through the valuation of their units.

During the year, Macquarie Bank Limited, a related party of the Responsible Entity, redeemed 1,343,000 units (2010: 1,665,000) on behalf of investors, pursuant to the terms and conditions of the Product Disclosure Statement and the investment loan contract.

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 8. Collateral Deposits

	30 June 2011	30 June 2010
	\$	\$
Collateral Deposits	75,282,392	133,404,830
Interest receivable on Collateral Deposits	2,788	4,633
	<u>75,285,180</u>	<u>133,409,463</u>

## 9. Financial assets and liabilities at fair value through profit & loss

	30 June 2011		30 June 2010	
	Investment Linked Swaps \$	Foreign Currency Exchange Agreements \$	Investment Linked Swaps \$	Foreign Currency Exchange Agreements \$
<b>Financial assets at fair value through profit or loss</b>				
<i>Financial assets held for trading</i>				
December 06 original offer	901,388	1,478,230	670,939	80,137
December 06 variation offer	2,139,408	1,722,087	1,433,464	108,047
June 07 original offer	613,114	1,667,298	136,382	-
June 07 variation offer	3,050,585	2,903,506	1,720,483	-
December 07 original offer	-	1,140,600	-	-
December 07 variation offer	987,290	3,792,488	-	-
June 08 original offer	859,479	947,276	398,459	-
June 08 variation offer	3,779,461	2,140,787	1,915,457	-
June 09 original offer	835,263	934,433	448,254	55,702
<b>Total Financial assets at fair value through profit or loss</b>	<u>13,165,988</u>	<u>16,726,705</u>	<u>6,723,438</u>	<u>243,886</u>
<b>Financial liabilities at fair value through profit or loss</b>				
<i>Financial liabilities held for trading</i>				
December 06 original offer	-	-	-	-
December 06 variation offer	-	-	-	-
June 07 original offer	-	-	-	721,932
June 07 variation offer	-	-	-	1,652,930
December 07 original offer	200,792	-	634,401	314,924
December 07 variation offer	-	-	1,949,045	1,377,248
June 08 original offer	-	-	-	673,770
June 08 variation offer	-	-	-	1,719,604
June 09 original offer	-	-	-	-
<b>Total Financial liabilities at fair value through profit or loss</b>	<u>200,792</u>	<u>-</u>	<u>2,583,446</u>	<u>6,460,408</u>

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 10. Related party disclosures

### (a) Responsible Entity

The Responsible Entity of the Macquarie Reflexion BRIC and Emerging Markets Trust is Macquarie Financial Products Management Limited, whose immediate and ultimate holding company is Macquarie Group Limited.

### (b) Details of Key Management Personnel

#### (i) Directors

The Directors of the Responsible Entity are considered to be Key Management Personnel of the Trust. The Directors of the Responsible Entity in office during the year and up to the date of the report are:

Antony Clubb (appointed on 11/02/2011)  
Simone Alison Mosse (resigned on 11/02/2011)  
Jason King  
Peter Bruce Lucas  
William Dudley Fox

#### (ii) Other Key Management Personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, during the financial year.

#### (iii) Compensation of Key Management Personnel

No amount is paid by the Trust directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Trust to the Directors as Key Management Personnel.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in note below.

### (c) Unitholdings of Related party and Key Management Personnel

Details of the units held in the Trust by the parties related to the Trust (including the Responsible Entity, its Directors, its affiliates and other Trusts managed by the Responsible Entity), are set out below: (2010: Nil)

2011

Unitholders	Number of units held opening (Units)	Number of units held closing (Units)	Units held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid or payable by the Trust (\$)
Macquarie Bank Limited	-	-	-	70,000	70,000	(294)
Macquarie Financial Products Management Limited	-	-	-	25,000	25,000	3,735

# MACQUARIE REFLEXION BRIC AND EMERGING MARKETS TRUST

Notes to the Financial Statements  
for the year ended 30 June 2011 (continued)

## 10. Related party disclosures (continued)

### (d) Related party transactions

#### (i) Related parties

Macquarie Group Limited ("MGL") and its wholly owned subsidiaries, related parties of the Responsible Entity, have undertaken various transactions with, and performed various services for the Trust as follows:

The Trust has entered into Investment Linked Swap Agreements with Macquarie Bank Limited ("MBL") and Macquarie Capital Advisers Limited ("MCAL"), both wholly-owned subsidiaries of MGL. The fair value of these Investment Linked Swap Agreements is disclosed in note 9 and the gain or loss for the financial year is disclosed in note 5 to the financial statements. Under the Investment Linked Swap Agreements, MBL and MCAL received Investment Linked Swap fees from the Trust which is as disclosed below.

	30 June 2011		30 June 2010	
	Macquarie Bank Limited \$	Macquarie Capital Advisers Limited \$	Macquarie Bank Limited \$	Macquarie Capital Advisers Limited \$
Investment Linked Swap fees expense	281,736	337,249	546,981	637,666
Investment Linked Swap fees payable	905	-	2,349	-

The Trust holds its Collateral Deposits with MBL and MCAL. The carrying value of these Collateral Deposits is disclosed in note 8 and the interest earned on these deposits is as disclosed below:

	30 June 2011		30 June 2010	
	Macquarie Bank Limited \$	Macquarie Capital Advisers Limited \$	Macquarie Bank Limited \$	Macquarie Capital Advisers Limited \$
Interest income on Collateral Deposits	308,339	337,249	546,981	637,666
Interest receivable on Collateral Deposits	2,788	-	4,633	-

The interest earned on the deposits is paid back to MBL as Investment Linked Swap fees through the Investment Linked Swap Agreements except in case of 2009 offer, where it is partly paid as fees to the Responsible Entity.

The Trust has entered into Foreign Currency Exchange Agreements with MBL and Macquarie Capital Products Limited ("MCPL"), both wholly-owned subsidiaries of MGL, to exchange foreign currency. The fair value of these Foreign Currency Exchange Agreements is disclosed in note 9 to the financial statements.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register have been fully borne by the Responsible Entity.

