

Macquarie Treasury Fund

ARSN 091 491 084

Annual report - 30 June 2011

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This financial report covers Macquarie Treasury Fund as an individual entity.

The Responsible Entity of Macquarie Treasury Fund is Macquarie Investment Management Limited (ABN 66 002 867 003). The Responsible Entity's registered office is Mezzanine Level, No. 1 Martin Place, Sydney, NSW 2000.

Directors' report

The directors of Macquarie Investment Management Limited, (a wholly owned subsidiary of Macquarie Group Limited), the Responsible Entity of Macquarie Treasury Fund, present their report together with the financial report of Macquarie Treasury Fund ("the Trust") for the year ended 30 June 2011.

Principal activities

The Trust invests in money market securities and derivatives in accordance with the provisions of the Trust Constitution.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust's activities during the year.

Directors

The following persons held office as directors of Macquarie Investment Management Limited during the year or since the end of the year and up to the date of this report:

B N Terry
 R Cartwright
 V Malley
 C Vignes
 C Swanger (resigned 21/06/2011)
 K Vincent (appointed 21/06/2011)
 T Graham

Review and results of 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.

Results

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

	Year ended	
	30 June 2011	30 June 2010
Operating profit before finance costs attributable to unitholders (\$'000)	<u>157,012</u>	<u>130,036</u>
<i>Distributions</i>		
Distribution paid and payable (\$'000)	<u>157,012</u>	<u>130,036</u>
Distribution (cents per unit)	<u>5.07</u>	<u>3.86</u>

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Directors' report (continued)

Likely developments and expected results of operations

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 investment markets 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 operations 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 of Macquarie Investment Management Limited or the auditors of the Trust. Under the Trust Constitution, Macquarie Investment 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 interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in note 11 of the financial statements.

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

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 11 of the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in note 6 of the financial statements.

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

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

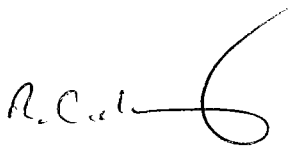
The Trust is an entity of the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.

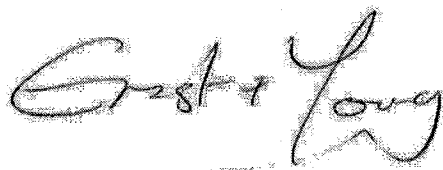
A handwritten signature in black ink, appearing to read 'R. Cartwright', with a large, sweeping flourish extending to the right.

R Cartwright
Director

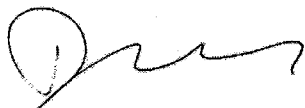
Sydney
28 September 2011

Auditor's Independence Declaration to the Directors of Macquarie Investment Management Limited, as the Responsible Entity for Macquarie Treasury Fund

In relation to our audit of the financial report of Macquarie Treasury Fund 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 black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Darren Handley-Greaves'.

Darren Handley-Greaves
Partner
28 September 2011

Statement of comprehensive income

		30 June 2011 \$'000	30 June 2010 \$'000
	Notes		
Investment income			
Interest income		55,028	11,895
Net gains on financial instruments held at fair value through profit or loss	5	101,951	118,120
Other operating income		57	61
Total net investment income		<u>157,036</u>	<u>130,076</u>
Expenses			
Other operating expenses		24	40
Total operating expenses		<u>24</u>	<u>40</u>
Operating profit		<u>157,012</u>	<u>130,036</u>
Finance costs attributable to unitholders			
Distributions to unitholders		(157,012)	(130,036)
Profit/(loss) for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

Statement of financial position

	Notes	30 June 2011 \$'000	30 June 2010 \$'000
Assets			
Cash and cash equivalents	7	396,699	330,335
Application clearing account		1,302	841
Receivables		-	1
Financial assets held at fair value through profit or loss	8	<u>2,583,076</u>	<u>2,808,394</u>
Total assets		<u>2,981,077</u>	<u>3,139,571</u>
Liabilities			
Distribution payable		580	1,943
Responsible Entity fees payable	11	754	849
Other payables		1	50
Financial liabilities held at fair value through profit or loss	9	<u>-</u>	<u>126</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>1,335</u>	<u>2,968</u>
Net assets attributable to unitholders - liability	6	<u>2,979,742</u>	<u>3,136,603</u>

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

Statement of changes in equity

	30 June 2011 \$'000	30 June 2010 \$'000
Total equity at the beginning of the year	-	-
Total comprehensive income for the year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the year	-	-

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.

Statement of cash flows

	Notes	30 June 2011 \$'000	30 June 2010 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		8,763,174	16,397,881
Purchase of financial instruments held at fair value through profit or loss		(8,436,032)	(15,730,665)
Interest received		55,028	12,466
Other income received		61	72
Other expenses paid		(25)	(48)
Net cash inflow from operating activities	12(a)	<u>382,206</u>	<u>679,706</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		6,050,449	4,673,980
Payments for redemptions by unitholders		(6,356,389)	(5,292,778)
Distributions paid		(6,567)	(12,750)
Expenses paid on behalf of unitholders		(3,335)	(3,392)
Net cash outflow from financing activities		<u>(315,842)</u>	<u>(634,940)</u>
Net increase in cash and cash equivalents		66,364	44,766
Cash and cash equivalents at the beginning of the year		<u>330,335</u>	<u>285,569</u>
Cash and cash equivalents at the end of the year	7	<u>396,699</u>	<u>330,335</u>
Non-cash financing activities	12(b)	147,993	114,799

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

1 General information

This financial report covers Macquarie Treasury Fund ("the Trust") as an individual entity. The Trust was constituted on 2 January 1991. The Trust is a registered managed investment scheme domiciled in Australia.

The Responsible Entity and the Investment Manager of the Trust is Macquarie Investment Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Mezzanine Level, No. 1 Martin Place, Sydney, NSW 2000. The financial report is presented in Australian currency.

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 financial statements were authorised for issue by the directors on 28 September 2011. The directors of the Responsible Entity have the power to amend and reissue the financial report.

2 Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial report is 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 do not distinguish between current and non current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

Where necessary, comparative information has been reclassified to be consistent with current period disclosures.

Compliance with International Financial Reporting Standards

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

(b) Financial instruments

(i) Classification

The Trust's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments held for trading

These include derivative financial instruments such as futures. The Trust does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold, including investments in bank bills, negotiable certificates of deposits and floating rate notes.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Loans and receivables/payables comprise amounts due to or from the Trust.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(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 cashflows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership.

(iii) Measurement

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

Financial assets and liabilities held at fair value through profit or 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 held 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.

Details on how the fair value of financial instruments is determined are disclosed in note 3.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the statement of financial position date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the statement of financial position date. Fair values for unquoted equity investments are estimated, if possible, using applicable pricing/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Trust would receive or pay to terminate the contract at the statement of financial position date taking into account index or underlying investments and the current creditworthiness of the counterparties.

(b) Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment.

If any such indication of impairment exists, an impairment calculation is undertaken and any impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(b) Loans and receivables (continued)

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the statement of financial position date if unitholders exercised their right to put the units back to the Trust.

(d) 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 investment securities 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.

The application/redemption clearing account includes overnight applications and redemptions received on the last day of the financial year, which have not been posted to the Trust's cash accounts.

(e) Investment income

Interest income 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. Interest income on assets held at fair value through profit or loss is included in the net gains/(loss) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(f) Expenses

Responsible Entity fees are accounted for at unitholder level, all other expenses are recognised in the statement of comprehensive income on an accruals basis.

2 Summary of significant accounting policies (continued)

(g) Income tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

Financial instruments held 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.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

(h) Distributions

In accordance with the Trust Constitution, the Trust distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(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) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as investment management fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75% hence investment management fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable 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.

(k) Receivables

Receivables may include amounts for interest. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables may include such items as RITC.

(l) Payables

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

The distribution amount payable to unitholders as at the reporting date is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Constitution.

(m) Applications and redemptions

Applications received for units in 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.

2 Summary of significant accounting policies (continued)

(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.

Certain financial instruments, such as over-the-counter derivatives or unquoted securities 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 are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

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.

For certain other financial instruments, including amounts due from/to brokers and accounts payable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

(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, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded.

The Trust has not yet decided when to adopt AASB 9. Management does not expect this will have a significant 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, securitise, 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.

2 Summary of significant accounting policies (continued)

(o) New accounting standards and interpretations (continued)

(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 July 2010 / 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.

(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.

(p) Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

3 Financial risk management

(a) Strategy in using financial instruments

The Trust's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Trust's overall risk management programme focuses on ensuring compliance with the governing documents of the Trust and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The Trust may use derivative financial instruments to alter certain risk exposures.

Financial risk management is carried out by the risk management department of the Trust's Investment Manager under policies approved by Responsible Entity's senior managers or by the board of directors of the Responsible Entity ("the Board").

(b) Market risk

(i) Price risk

It is directors' view that price risk for the Trust's interest rate securities and derivatives is a function of interest rate risk, credit risk and liquidity risk.

(ii) Foreign exchange risk

The Trust is not exposed to foreign exchange risk as all assets are denominated in Australian dollars.

(iii) Interest rate risk

The majority of the Trust's financial assets and liabilities are interest bearing. As a result, the Trust is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

In accordance with Trust's policy, the risk management department of the Investment Manager monitors the Trust's overall interest sensitivity on a daily basis. This is done by:

- managing the weighted average maturity for both aggregate and individual holdings
- specifying permitted instruments to attempt to ensure appropriate exposures taken

The Trust's interest bearing financial assets and financial liabilities are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Trust's sensitivity to changes in interest rates is detailed below.

At 30 June 2011, should interest rates have increased by 25 basis points with all other variables remaining constant, the increase in net assets attributable to unitholders for the year would amount to approximately \$6,457,688 (2010: 100 basis points; \$28,082,680) arising substantially from the increase in market values of money market securities. If interest rates had decreased by 25 basis points, the decrease in net assets attributable to unitholders would amount to approximately \$6,457,688 (2010: 100 basis points; \$28,082,680).

3 Financial risk management (continued)

(c) Credit risk

Credit risk arises from the Trust's investments in bank bills, negotiable certificates of deposits and floating rate notes.

Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and counterparties to derivatives. None of these assets are impaired nor past due but not impaired.

The Trust restricts its exposure to credit losses by:

- dealing only with counterparties rated appropriate by the senior management
- managing exposure to any single issuer and seeking to ensure diversification
- monitoring target durations
- ensuring credit score compliance with Standard & Poor's requirements

The exposure to credit risk for cash and cash equivalents, deposits with banks and other financial institutions and counterparties to derivatives is low as all counterparties have a rating of at least A- (2010: A-) as determined by Standard and Poor's rating agency.

Other than for the cash and cash equivalents, the Trust does not have a concentration of a credit risk that arises from an exposure to a single counterparty. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

In accordance with the Trust's policy, the risk management department of the Investment Manager monitors the Trust's credit position on a daily basis. The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of debt securities by their Standard & Poor's rating is set out in the table below.

	30 June 2011 \$'000	30 June 2010 \$'000
S&P Short term ratings		
Money market securities		
A1	707,417	925,967
A1+	<u>1,875,659</u>	<u>1,882,427</u>
Total	<u>2,583,076</u>	<u>2,808,394</u>

(d) Liquidity risk

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

The Trust may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Trust may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer. No such investments were held at end of the reporting period.

In accordance with the Trust's policy, the risk management department of the Investment Manager monitors the Trust's liquidity position on a daily basis. This is managed by:

- seeking to ensure provisions are in place to manage liquidity provisions for all unitholders
- restricting exposure to illiquid assets
- restricting exposure to debt obligations which may compromise solvency
- managing exposure to any single issuer and seeking to ensure diversification

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

Subject to the Trust's Constitution, redeemable units are redeemed on demand at the unitholder's option. All other liabilities are payable within 30 days.

(e) Fair value estimation

The carrying amounts of the Trust's financial assets and financial liabilities at the reporting date approximated their fair values as all financial assets and liabilities not fair valued are short term in nature.

The Trust classifies 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:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011 and 30 June 2010.

As at 30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
- Money market securities	-	<u>2,583,076</u>	-	<u>2,583,076</u>
Total	-	<u>2,583,076</u>	-	<u>2,583,076</u>

3 Financial risk management (continued)

(e) Fair value estimation (continued)

As at 30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Financial assets				
Financial assets held for trading:				
- Derivatives	56	-	-	56
Financial assets designated at fair value through profit or loss:				
- Money market securities	-	2,808,338	-	2,808,338
Total	<u>56</u>	<u>2,808,338</u>	<u>-</u>	<u>2,808,394</u>
Financial liabilities				
Financial liabilities held for trading:				
- Derivatives	126	-	-	126
Total	<u>126</u>	<u>-</u>	<u>-</u>	<u>126</u>

During the year, there were no transfers between Level 1 and 2 or into/out of Level 3 (2010: Nil).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

4 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

	30 June 2011 \$	30 June 2010 \$
Audit services		
Audit of financial reports	4,450	4,300
Other audit work under the <i>Corporations Act 2001</i>	310	290
Total remuneration for audit services	<u>4,760</u>	<u>4,590</u>

Audit fees are paid out of the Responsible Entity's own resources. All other expenses are paid by the Trust.

5 Net gains on financial instruments held at fair value through profit or loss

Net gains recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	30 June 2011 \$'000	30 June 2010 \$'000
Interest income on financial instruments designated as at fair value through profit or loss	101,568	118,376
Net loss on financial instruments held for trading	(7)	(123)
Net gains/(loss) on financial instruments designated as at fair value through profit or loss	<u>390</u>	<u>(133)</u>
Net gains on financial instruments held at fair value through profit or loss	<u>101,951</u>	<u>118,120</u>

6 Net assets attributable to unitholders

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

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

	30 June 2011 No. '000	30 June 2010 No. '000	30 June 2011 \$'000	30 June 2010 \$'000
Opening balance	3,136,603	3,645,092	3,136,603	3,645,092
Applications	6,050,449	4,673,980	6,050,449	4,673,980
Redemptions	(6,356,389)	(5,292,778)	(6,356,389)	(5,292,778)
Units issued upon reinvestment of distributions	147,993	114,799	147,993	114,799
Movement in units to be created	1,037	(4,447)	1,037	(4,447)
Movement in units to be redeemed	<u>49</u>	<u>(43)</u>	<u>49</u>	<u>(43)</u>
Closing balance	<u>2,979,742</u>	<u>3,136,603</u>	<u>2,979,742</u>	<u>3,136,603</u>

Capital risk management

The Trust manages 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 daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

The Trust monitors the level of daily applications and redemptions relative to the liquid assets in the Trust.

7 Cash and cash equivalents

	30 June 2011 \$'000	30 June 2010 \$'000
Cash at bank	2,694	3,223
Deposits at call	<u>394,005</u>	<u>327,112</u>
	<u>396,699</u>	<u>330,335</u>

8 Financial assets held at fair value through profit or loss

	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000
Held for trading		
Derivatives (note 10)	-	56
Total held for trading	-	56
Designated at fair value through profit or loss		
Money market securities	<u>2,583,076</u>	<u>2,808,338</u>
Total designated at fair value through profit or loss	<u>2,583,076</u>	<u>2,808,338</u>
Total financial assets held at fair value through profit or loss	<u>2,583,076</u>	<u>2,808,394</u>
Comprising:		
Derivatives		
Australian fixed interest futures	-	56
Total derivatives	-	56
Money market securities		
Bank accepted bills	89,274	831,613
Negotiable certificates of deposit	2,493,802	1,815,933
Floating rate notes	-	160,792
Total money market securities	<u>2,583,076</u>	<u>2,808,338</u>
Total financial assets held at fair value through profit or loss	<u>2,583,076</u>	<u>2,808,394</u>

9 Financial liabilities held at fair value through profit or loss

	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000
Held for trading		
Derivatives (note 10)	-	126
Total held for trading	-	126
Total financial liabilities held at fair value through profit or loss	-	126
Comprising:		
Derivatives		
Australian fixed interest futures	-	126
Total derivatives	-	126
Total financial liabilities held at fair value through profit or loss	-	126

10 Derivative financial instruments

In the normal course of business the Trust enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Trust's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Trust against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Trust.

The Trust holds the following derivative instruments:

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

As at 30 June 2011, the Trust did not hold any derivative financial instruments.

The Trust's derivative financial instruments as at 30 June 2010 are detailed below:

30 June 2010	Contract/ notional '000	Fair Values	
		Assets \$'000	Liabilities \$'000
Buy			
Australian fixed interest futures	177,890	56	-
		56	-
Sell			
Australian fixed interest futures	177,895	-	126
		-	126

11 Related party disclosures

(a) Responsible Entity

The Responsible Entity of Macquarie Treasury Fund is Macquarie Investment Management Limited ("MIML"), a wholly owned subsidiary of Macquarie Group Limited.

(b) Key management personnel

The following persons held office as directors of MIML during the year or since the end of the year and up to the date of this report:

B N Terry
R Cartwright
V Malley
C Vignes
C Swanger (resigned 21/06/2011)
K Vincent (appointed 21/06/2011)
T Graham

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.

(c) Key management personnel unitholdings

At 30 June 2011, no key management personnel held units in the Trust (2010: Nil).

(d) Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

(e) Responsible Entity fees and other transactions

For the year ended 30 June 2011, in accordance with the Trust Constitution, the Responsible Entity received a fee of up to 0.50% of net asset value per annum (2010: up to 0.50%). The fee rate charged will depend on the size of the investment. The Responsible Entity may also negotiate reduced management fees with sophisticated and professional investors, as defined in the Product Disclosure Statement.

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.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	30 June 2011	30 June 2010
	\$	\$
Management fees (charged at unitholder level) for the year paid by the Trust to the Responsible Entity	<u>3,325,523</u>	<u>3,334,548</u>
Aggregate amounts payable to the Responsible Entity at the reporting date	<u>753,709</u>	<u>849,464</u>

11 Related party disclosures (continued)

(f) Related party schemes' unitholdings

Parties related to the Trust (including MIML, its related parties and other schemes managed by MIML), held units in the Trust as follows:

30 June 2011

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Macquarie Master Cash Fund	108,820,732	74,535,232	2.50	15,113,482	49,398,982	4,550,951
Macquarie Capital Stable Fund	5,536,748	905,532	0.03	19,446,624	24,077,840	155,893
van Eyk Blueprint Capital Stable Fund	37,085,036	37,574,334	1.26	42,144,313	41,655,014	1,519,703
Macquarie Global Infrastructure Trust II	1,380,930	139,689	0.01	20,387	1,261,629	11,449
Macquarie Global Infrastructure Trust van Eyk Blueprint	1,142,413	-	-	41,789	1,184,201	41,789
Balanced Fund	12,294,310	18,141,919	0.61	114,420,199	108,572,590	669,188
Macquarie Income Advantage Fund	2,289,224	2,443,585	0.08	5,940,666	5,786,305	123,818
Macquarie Wholesale Co-investment Fund	147,101	-	-	34,869,467	35,016,567	25,467
Macquarie Balanced Fund	1,132,212	254,582	0.01	15,221,327	16,098,957	27,818
Macquarie Balanced Growth Fund	25,507,285	13,578,376	0.46	84,478,995	96,407,904	940,789
Macquarie Alternative Investment Trust III	5,422,408	-	-	16,437,650	21,860,058	142,125
Macquarie Global Private Equity Fund - International	1,961,386	-	-	37,246,606	39,207,992	79,606
Macquarie Enhanced Balanced Fund	1,852,841	1,194,054	0.04	1,012,784	1,671,570	91,942
van Eyk Blueprint High Growth Fund	229,405	7,514,482	0.25	40,631,535	33,346,458	136,894
Macquarie Global Private Equity Fund - Australia	4,131,466	-	-	20,776,377	24,907,843	88,921
Macquarie Alternative Investment Trust II	2,299,506	-	-	397,132	2,696,638	16,308
van Eyk Blueprint Alternatives Fund	47,454,225	47,720,307	1.60	45,981,712	45,715,631	1,421,187
Macquarie Managed Growth Fund	157,850	27,929	0.01	3,417,393	3,547,314	5,238
Macquarie Co-investment Fund	6,132	-	-	3,543,064	3,549,196	3,664
Macquarie Alternative Investment Trust	14,643	-	-	2,764,646	2,779,288	20,646
Macquarie Asia Pacific Co-Investment Fund	10,736	-	-	267	11,003	267

11 Related party disclosures (continued)

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Macquarie Global Private Equity Opportunistic Fund	1,854,788	-	-	6,782,414	8,637,203	29,914
Macquarie Private Equity (VicSuper) Fund	3,144,629	-	-	15,263,269	18,407,898	51,469
Macquarie Alternative Investment Trust IV	5,801,491	-	-	45,061,576	50,863,067	122,376
Macquarie Alternative Investment Trust V	3,500,825	-	-	27,548,712	31,049,537	67,231
Macquarie Diversified Private Equity Fund	11,001,750	3,653,383	0.12	2,502,415	9,850,782	139,326
Macquarie Private Capital Trust	384,266	-	-	10,966,485	11,350,751	102,769
van Eyk Blueprint Global Emerging Markets Fund	79,149	637,383	0.02	22,543,292	21,985,059	20,769
Macquarie Life Limited	20,599,403	15,720,312	0.53	45,098,984	49,978,075	895,071
Morgan Stanley FX Alpha Fund	7,249,714	-	-	521,778	7,771,492	-
Morgan Stanley FX Alpha Plus Fund	3,714,309	-	-	144,240	3,858,549	-
van Eyk Blueprint Australian Shares Fund	1,617,417	419,495	0.01	98,594,979	99,792,901	22,834
van Eyk Blueprint International Shares Fund	554,384	167,176	0.01	30,584,496	30,971,704	34,521
van Eyk Blueprint Diversified Income Fund	963,094	2,344,514	0.08	21,120,472	19,739,052	117,010
van Eyk Blueprint Listed Property and Infrastructure Fund	456,844	676,959	0.02	17,549,881	17,329,766	22,069
van Eyk Blueprint Smaller Companies Fund	196,395	870,398	0.03	4,390,043	3,716,040	11,625
van Eyk Blueprint Absolute Australian Shares Fund	7,411,952	8,836,737	0.30	14,233,026	12,808,241	249,974
van Eyk Blueprint Absolute International Shares Fund	3,694,989	4,872,016	0.16	6,429,880	5,252,853	127,685
Superannuation / Rollover Plan Private Equity Multifund	-	805,094	0.03	1,375,274	570,180	21,450

11 Related party disclosures (continued)

30 June 2010

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Macquarie Master Cash Fund	148,439,103	108,820,732	3.47	32,120,901	71,739,272	4,910,898
Macquarie Capital Stable Fund	13,491,000	5,536,748	0.18	14,008,427	21,962,679	370,829
van Eyk Blueprint Capital Stable Fund	41,819,482	37,085,036	1.18	40,635,562	45,370,009	1,569,897
Macquarie Global Infrastructure Trust II	335,047	1,380,930	0.01	2,109,256	1,063,372	21,881
Macquarie Global Infrastructure Trust	1,167,626	1,142,413	0.03	47,555	72,769	43,052
van Eyk Blueprint Balanced Fund	4,427,841	12,294,310	0.39	129,921,636	161,907,166	961,749
Macquarie Income Advantage Fund	3,704,628	2,289,224	0.07	4,969,752	6,385,157	132,641
Macquarie Wholesale Co-investment Fund	3,352,576	147,101	0.09	26,220	3,231,696	26,219
Macquarie Balanced Fund	384,729	1,132,212	0.04	16,266,685	15,519,201	51,917
Macquarie Balanced Growth Fund	17,345,678	25,507,285	0.81	62,980,531	54,818,924	908,018
Macquarie Alternative Investment Trust III	980,545	5,422,408	0.17	24,045,677	19,603,814	163,565
Macquarie Global Private Equity Fund - International	3,052,449	1,961,386	0.06	56,194,268	57,285,331	161,465
Macquarie Enhanced Balanced Fund	1,714,999	1,852,841	0.06	3,878,947	3,741,105	68,599
van Eyk Blueprint High Growth Fund	4,827,111	229,405	0.01	42,349,576	46,947,282	220,481
Macquarie Global Private Equity Fund - Australia	1,111,394	4,131,466	0.13	46,827,604	43,807,532	200,333
Macquarie Select Opportunities Trust	322,631	-	-	9,950	332,581	9,948
Macquarie Alternative Investment Trust II	683,336	2,299,506	0.07	11,234,850	9,618,680	35,819
van Eyk Blueprint Alternatives Fund	14,954,498	47,454,225	1.51	164,839,013	132,339,286	1,362,462
Macquarie Global Private Equity Securities Fund	491,498	-	-	8,093,302	8,584,800	25,527
Macquarie Managed Growth Fund	242,049	157,850	0.01	3,059,004	3,143,203	8,903
Macquarie Co-investment Fund	394,408	6,132	0.01	6,622	394,899	2,497
Macquarie Alternative Investment Trust	14,090	14,643	0.01	552	-	549
Macquarie Asia Pacific Co- Investment Fund	-	10,736	0.01	10,160,736	10,150,000	10,734
Macquarie Global Private Equity Opportunistic Fund	882,207	1,854,788	0.06	6,904,357	5,931,776	36,801
Macquarie Private Equity (VicSuper) Fund	3,005,488	3,144,629	0.10	33,320,468	33,181,328	153,169

11 Related party disclosures (continued)

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Macquarie Alternative Investment Trust IV	4,695,382	5,801,491	0.18	64,911,726	63,805,617	207,771
Macquarie Alternative Investment Trust V	840,709	3,500,825	0.11	17,099,721	14,439,604	154,242
Macquarie Diversified Private Equity Fund	11,248,709	11,001,750	0.35	1,964,175	2,211,136	418,561
Macquarie Private Capital Trust	2,179,124	384,266	0.01	12,844,549	14,639,408	301,875
van Eyk Blueprint Global Emerging Markets Fund	709,712	79,149	0.01	9,829,485	10,460,048	18,341
Macquarie Life Limited	-	20,599,403	0.66	54,572,437	33,973,034	652,598
Morgan Stanley FX Alpha Fund	2,985,571	7,249,714	0.23	4,540,680	276,537	179,915
Morgan Stanley FX Alpha Plus Fund	2,715,111	3,714,309	0.12	1,425,897	426,699	120,600
van Eyk Blueprint Australian Shares Fund	2,477,863	1,617,417	0.05	129,543,326	130,403,772	77,743
van Eyk Blueprint International Shares Fund	1,500,038	554,384	0.02	97,337,658	98,283,312	84,473
van Eyk Blueprint Diversified Income Fund	8,775,061	963,094	0.03	61,289,705	69,101,673	203,856
van Eyk Blueprint Listed Property and Infrastructure Fund	2,183,312	456,844	0.01	14,060,348	15,786,817	64,400
van Eyk Blueprint Smaller Companies Fund	900,065	196,395	0.01	11,865,407	12,569,076	21,758
van Eyk Blueprint Absolute Australian Shares Fund	-	7,411,952	0.24	15,451,821	8,039,869	201,047
van Eyk Blueprint Absolute International Shares Fund	-	3,694,989	0.12	4,497,503	802,514	90,170

(g) Investments

The Trust held no investments in any schemes which are also managed by MIML or its related parties (2010: Nil).

(h) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

The Trust may hold bank accounts with Macquarie Bank Limited. The Trust may use Macquarie Securities (Australia) Limited and Macquarie Bank Limited, both Macquarie Group entities, for broking and clearing services respectively. Margin accounts are held with Macquarie Bank Limited and are used for trading futures. Fees and expenses are negotiated on an arm's length basis for all transactions with related parties.

Bond Street Custodians Limited, a wholly owned subsidiary of Macquarie Group Limited, is the custodian of the Trust.

12 Reconciliation of profit/(loss) to net cash inflow from operating activities

	30 June 2011 \$'000	30 June 2010 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow from operating activities		
Profit/(loss) for the year	-	-
Net gains on financial instruments held at fair value through profit or loss	(101,951)	(118,120)
Proceeds from sale of financial instruments held at fair value through profit or loss	8,763,174	16,397,881
Purchase of financial instruments held at fair value through profit or loss	(8,436,032)	(15,730,665)
Distributions to unitholders	157,012	130,036
Net change in receivables and other assets	3	574
Net cash inflow from operating activities	382,206	679,706
(b) Non-cash financing and investing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	147,993	114,799

As described in note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

13 Events occurring after the year end

No significant events have occurred since year end which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2011 or on the results and cash flows of the Trust for the year ended on that date.

14 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2011 and 30 June 2010.

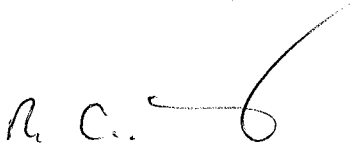
Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors declare that the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards (see note 2(a)).

This declaration is made in accordance with a resolution of the directors.



R Cartwright
Director

Sydney
28 September 2011

Independent auditor's report to the unitholders of Macquarie Treasury Fund

We have audited the accompanying financial report of Macquarie Treasury Fund (the "fund"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of Macquarie Investment Management Limited, the responsible entity of the fund, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the responsible entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

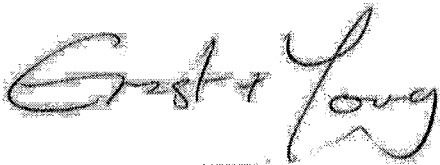
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which is included with the directors' report.

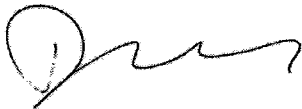
Opinion

In our opinion:

- a. the financial report of Macquarie Treasury Fund is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the fund's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.



Ernst & Young



Darren Handley-Greaves
Partner
Sydney
28 September 2011