

# Freedom. Choice. Control.

The Macquarie Flexi 100 Trust (Macquarie Flexi 100) may provide an ideal solution for investors looking for a flexible capital protected<sup>1</sup> investment. It provides the opportunity to gain exposure to Australian and international markets, with the added protection that a Limited Recourse Investment Loan offers.

With the flexibility to 'Walk-Away'<sup>2</sup> from the investment each quarter, Macquarie Flexi 100 provides investors with freedom, choice and control.

### Potential features and benefits

- Cash flow advantages of fixed or potential Variable Distributions over the investment term<sup>3</sup>
- A 'Walk-Away' feature providing the flexibility for early withdrawal from the investment without incurring additional costs, including break costs<sup>2</sup>
- 100 or 150 per cent exposure to Investment Opportunities with growth potential, subject to any performance caps
- The choice and security of a Limited Recourse Investment Loan
- 100 per cent gearing (including for Self Managed Super Funds (SMSFs<sup>4</sup>)) with an Investment Loan providing the advantage of low initial outlay and no margin calls.

### Potential investors

Macquarie Flexi 100 may be suitable for investors who:

- Are looking to gain exposure to Australian and international markets
- Seek the potential for Distributions throughout the term of their investment<sup>3</sup>
- Enjoy the flexibility of being able to 'Walk-Away' from the investment and Investment Loan without incurring additional costs if the Limited Recourse Investment Loan is selected<sup>5</sup>
- Prefer to invest using their SMSF.<sup>4</sup>

**Investors can exercise the 'Walk-Away' feature each quarter. It provides the flexibility to withdraw from the investment prior to Maturity without incurring any additional costs.<sup>2</sup>**

1 Capital protection is not guaranteed and is subject to the ability of the Collateral Counterparty, Macquarie Bank Limited (MBL), to meet its obligations under the Collateral Agreement.

2 Prepaid interest on an Investment Loan will not be refunded. Investors will be required to pay any amount owing on their Interest Loan (if applicable). If Investors choose to borrow using the Full Recourse Investment Loan option, they may be required to contribute their own money to repay the Investment Loan in the event that MBL, which is a counterparty to a Collateral Agreement, fails to meet its obligations. An Investor would be required to meet any shortfall between the value of their Units and the amount outstanding on their Investment Loan.

3 Prior to Maturity, any Distributions an Investor is entitled to receive from their investment will be applied to pay Interest payments under the Investor's Loans. If the Interest payments exceed the Distributions to an Investor, the Investor may not receive any Distributions as a cash payment.

4 Trustees of superannuation funds who propose to invest in Macquarie Flexi 100 should be aware of their obligations to formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their fund and to act in the best interests of the members of the fund.

5 Prepaid interest on an investment loan will not be refunded. Investors will be required to pay any amount owing on their interest loan (if applicable).

## Investment options

We have introduced the new Australian Equity Focus Basket Offer into the Macquarie Flexi 100. This new basket provides investors with the opportunity to enjoy potentially higher returns through an enhanced participation rate of 150 per cent, subject to a performance cap.

Each Unit Class offered will have the characteristics of an Investment Opportunity combined with a Payoff Category described below.

Investment Opportunities	
<b>Australian Equity</b> S&P/ASX 200	■ 200 leading companies by market capitalisation listed on the ASX
<b>Australian Equity Focus</b>	■ An equally-weighted basket of 20 Australian shares with a large market capitalisation listed on the ASX ■ Opportunity for an enhanced participation rate of 150%, subject to a performance cap
<b>Asia Long Short</b> MQ Asia Long Short Fund	■ The Underlying Fund Manager implements a quantitative long short strategy in pan-Asian equity markets
<b>Asian Equity</b>	■ An equally weighted basket of stock market indices or index tracking funds for China, Hong Kong, Taiwan, South Korea and Singapore

Payoff Categories	
<b>5.5 year Fixed Distribution Classes</b>	■ Fixed annual Distribution of 4% of the Investment Amount ■ At Maturity, Investors receive a fixed Distribution of 2% plus any gain on the performance of the Reference Asset above the Hurdle, subject to any Term or Share Performance Cap
<b>3.5 year Fixed Distribution Classes</b>	■ Fixed Distribution of 6.5% of the Investment Amount in years one and two, and 3.25% of the Investment Amount in year three ■ At Maturity investors receive any gain on the performance of the Reference Asset above the Hurdle, subject to any Term or Share Performance Cap
<b>Variable Distribution Classes</b>	■ Investors may be entitled to an annual Distribution based on the positive performance (if any) of the Reference Asset during that year, up to the Annual Performance Cap ■ This Distribution (if any) is payable at the end of years one, two and three

## Investment Loan options

In order to apply for Units, investors must also apply for a 100 per cent Investment Loan from Macquarie Specialist Investments Lending Limited.

Investors are provided with two loan options - a Limited Recourse or Full Recourse Investment Loan. Both Loans provide 100 per cent gearing, allowing Investors (including SMSF investors<sup>4</sup>) to benefit from low initial outlay and no margin calls.

The indicative Investment Loan interest rates for the year ending 30 November 2011 are shown in the table opposite. These rates will not increase throughout the term.

## Optional Interest Loan

To help manage cash flow, investors can apply for an optional Interest Loan to fund their interest pre-payment. The indicative rate for the Interest Loan for the year ending 30 November 2011 is shown in the table opposite. An Interest Loan is not available to SMSF investors.

## Indicative loan interest rates

Loan type	Indicative interest rate
<b>Limited Recourse Investment Loan</b>	9.10% pa
<b>Full Recourse Investment Loan</b>	8.85% pa
<b>Optional Interest Loan</b>	10.95% pa

## How to apply

Investors simply need to complete one form to apply for their investment and loan. They do not need to provide additional financial information, unless they are also applying for an optional Interest Loan.

Before investing in Macquarie Flexi 100 it is important that investors read and understand the terms and investment risks set out in the Product Disclosure Statement (PDS) and the Offer document set out on our website – [macquarie.com.au/flexi](http://macquarie.com.au/flexi).

## How it works

### Australian Equity 5.5 Year Fixed Distribution Class – worked example

An investor invests in the Australian Equity 5.5 Year Fixed Distribution Class of Macquarie Flexi 100 with the S&P/ASX 200 as their Reference Asset. The investor then holds their investment to Maturity for approximately 5.5 years.

#### Assumptions

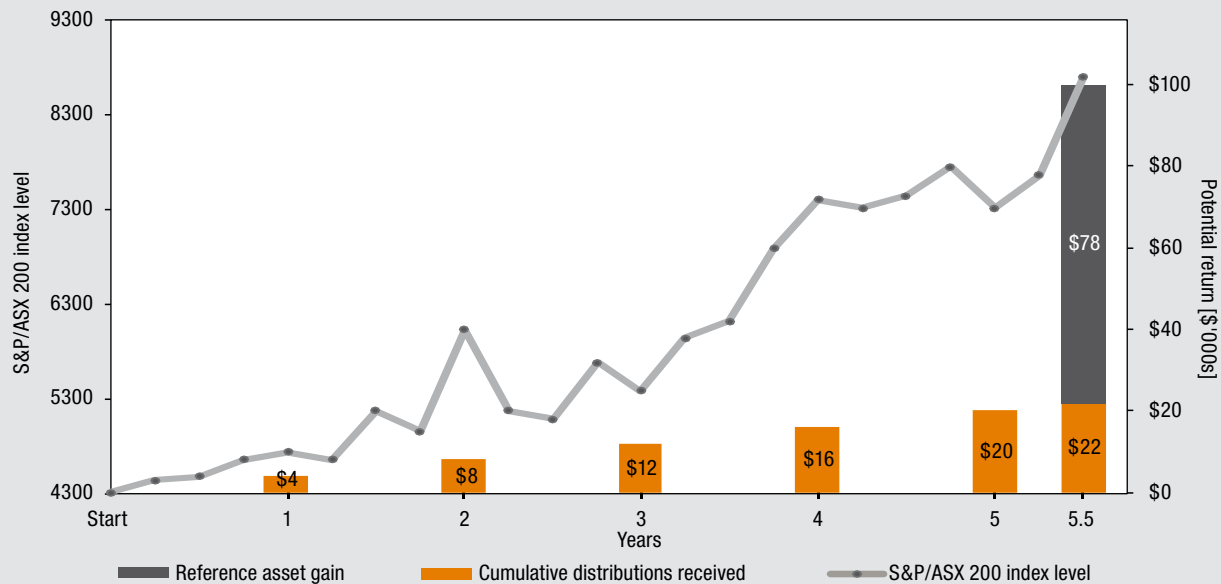
- Investor borrows \$100,000 to invest
- Fixed Hurdle of 122%
- Fixed Term Performance Cap of 100%
- S&P/ASX 200 Start Level of 4,300
- S&P/ASX 200 Hurdle Level of 5,246 (122% x 4,300)
- S&P/ASX 200 Final Investment Level is lesser of:
  - (a) S&P/ASX 200 Closing Level of 8,700
  - (b) S&P/ASX 200 Capped Level of 8,600  
(4,300 + 4,300 x 100%)

Therefore the Final Investment Level is equal to 8,600.

#### Potential returns

Total Distribution payments received over the term	\$22,000	$\$100,000 \times (4\% \times 5 + 2\%)$
Reference Asset Gain received at Maturity	\$78,000	$\left( \frac{8600 - 5246}{4300} \right) \times \$100,000$
Total received over the term of the investment	\$100,000	Total Distributions paid over the term and Reference Asset Gain paid at Maturity

The graph below illustrates the total Distributions and gains at Maturity that the investor would receive for the example above.



This example has been provided for illustrative purposes only, and is not intended to be indicative of the performance of any Unit Class within Macquarie Flexi 100. The example provides an illustration of how returns will be calculated by applying the relevant calculations to a hypothetical example. You should note that the performance of a Unit Class will not necessarily correspond to the performance of the Reference Asset because other key factors affect the value of the Units prior to Maturity (please refer to the PDS for further information).

## Risks

---

Some key risks of an investment in Macquarie Flexi 100 include:

- **Reference asset risk:** the risk that the Reference Asset relevant to each Unit Class does not perform well. This could be attributed to recent increased equity market uncertainty, the global economic downturn and recent high levels of volatility in equity markets that can increase this risk
- **Borrowing to invest:** there is a material risk that if, at Maturity, the total value of returns is less than the total interest payments and other costs, then the Investor will have incurred a loss on their investment
- **Creditworthiness of the Counterparties:** the risk that the Counterparties which provide Macquarie Flexi 100 with exposure to Reference Assets do not meet their obligations
- **Early termination risk:** if early termination occurs it will result in termination of exposure to the Reference Asset and entitlement to any further Distributions. The Investor will also be required to repay the Investment Loan, any Interest Loan (with any break costs) and Investors will not receive a refund of any prepaid interest
- **Currency risk:** there is a risk that AUD:USD foreign exchange rate movements may negatively affect returns from the Units during the investment term
- **Interest deductibility:** the ATO may adopt a position leading to the denial of part or all of an Investor's tax deductions for some or all of their interest expenses in relation to their investment.

**Applications close 17 November 2010<sup>^</sup>**

### IMPORTANT INFORMATION

<sup>^</sup> Macquarie Financial Products Management Limited, the responsible entity of Macquarie Flexi 100, reserves the right to vary the date, without prior notice, and to accept late applications, reject applications and/or close the offer early. Any changes will be made available on [macquarie.com.au/flexi](http://macquarie.com.au/flexi).

This information has been prepared by Macquarie Financial Products Management Limited ABN 38 095 135 6494, AFSL 237847 (MFPML), the responsible entity of, and issuer of units in, the Macquarie Flexi 100 Trust and is current as at 25 August 2010. An invitation by MFPML dated around 13 September 2010 for investors to apply for units in the Macquarie Flexi 100 Trust to which the Product Disclosure Statement dated on or around 13 September 2010 (PDS) relates will be available at [macquarie.com.au/flexi](http://macquarie.com.au/flexi). The PDS will be made available by phoning 1800 080 033, when the product is released or otherwise becomes available, which is expected to be on or around 13 September 2010.

In deciding whether to acquire, or continue to hold, an interest in the Macquarie Flexi 100 Trust, investors should obtain the PDS and consider its contents. Expressions used in this information and capitalised terms not otherwise defined have the same meaning as in the PDS.

This information has been prepared by MFPML without considering an investor's objectives, financial situation or needs. An investor should consider the appropriateness of this information in relation to their objectives, financial situation or needs. We recommend investors obtain financial, legal and taxation advice before making any financial investment decision. The Loans are offered by Macquarie Specialists Investments Lending Limited ABN 59 125 574 389 (unless otherwise determined by MFPML to be another Macquarie Group company, in which case it will be that Macquarie Group company) and are subject to approval. Investments in the Macquarie Flexi 100 Trust are not deposits with, or other liabilities of, Macquarie Bank Limited ABN 46 008 583 542, MFPML or of any Macquarie Group company, and are subject to investment risk, including possible delays in repayment and loss of income or capital invested. None of Macquarie Bank Limited, MFPML or other member companies of the Macquarie Group of companies guarantees any particular rate of return, the performance of, or the repayment of capital from the Macquarie Flexi 100 Trust.

For more information speak to your financial adviser or contact Macquarie Specialist Investments.



1800 080 033



[macquarie.com.au/flexi](http://macquarie.com.au/flexi)