

A flexible investment solution

With many investors looking to re-enter the market, the Macquarie Flexi 100 Trust (Macquarie Flexi 100) may provide an ideal investment solution. Macquarie Flexi 100 provides investors with the opportunity to borrow to invest in the Australian market or Asian equity positions with the protection of a limited recourse investment loan available, and the flexibility to 'walk-away' from the investment without incurring break costs.

Potential investor benefits

- Access to investment opportunities with growth potential. Investors have the option to invest with 100% exposure to one or both of the Reference Assets:
 - > S&P/ASX 200; and
 - > MQ Asia Long Short Fund
- Flexibility to 'walk-away' from the investment and investment loan without incurring additional costs, including break costs.¹
- Ability to receive the benefit of any positive index or fund performance for each year (subject to a performance cap).²
- 100% gearing enabling investors (including SMSFs) to invest with a low initial capital outlay and no margin calls.
- Protection of a limited recourse loan. Investors will not be required to contribute more of their own money to pay back the investment loan.
- Cash flow advantages of fixed distributions (for Class E) and potential annual distributions (for Class F and G).³

Making an application is quick and easy

Investors simply need to fill in one form to apply for their investment and loan without the 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 PDS.

Borrowing to invest

In order to apply for units, investors must also apply for a 100% investment loan from Macquarie. There is a choice of a limited recourse or full recourse loan available.

Investors are required to pay interest on their investment loan annually-in-advance throughout the term of the investment. The indicative loan interest rates for the year ending 30 November 2010 are shown in the table below (these rates will not increase throughout the term).

Loan Type	Indicative Interest rate ⁴
Limited Recourse Investment Loan	9.10% pa
Full Recourse Investment Loan	8.85% pa

■ SMSFs

The limited recourse loan will comply with the SIS legislative requirements for SMSF borrowing meaning Macquarie Flexi 100 can be used by SMSF investors. With the potential for income payments each year this may be an attractive investment option.

■ Optional interest loan

To help manage cashflow, investors can apply for an optional interest loan to fund their interest pre-payment. The indicative rate for the interest loan is 10.95% pa for the period 30 November 2009 to 30 November 2010. An interest loan is not available to SMSF investors.

Applications close 20 November 2009

¹ Note that 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 Macquarie Bank Limited, 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 loan.

² Class F and Class G investors only.

³ Interest payments under the investor's loans will be set off against any distributions an investor is entitled to receive from their investment. If the interest payments exceed the distributions of an investor, no cash payment will actually be received by the investor.

⁴ The actual interest rates will be determined by the loan provider on or around 18 November 2009 and published at www.macquarie.com.au/flexi.

Investment options

Investors have three different investment options known as Unit Classes E, F and G.

	CLASS E	CLASS F AND G
Investment menu	S&P/ASX 200	Class F: S&P/ASX 200 Class G: MQ Asia Long Short Fund (USD)
Term	5.5 years	3 years ⁵
Walk away	Available quarterly	Available quarterly
Annual distributions	Fixed annual distribution of 4% of the investment amount (payable in arrears). ⁶	Investors may be entitled to an annual distribution based on the positive performance (if any) of the underlying reference asset during that year, up to a set performance cap. This distribution (if any) is payable at the end of years one, two and three. ⁷
At maturity	Fixed distribution of 2% plus any gain on the performance of the underlying reference index within a set hurdle and a set performance cap. Note the set hurdle is equivalent to the total annual fixed distribution payments paid throughout the term.	Investors will receive any distribution payable at the end of year three (as above).

Flexibility to 'walk-away'

While Macquarie Flexi 100 is designed to be held to maturity, investors choosing the limited recourse investment loan may be able to redeem quarterly from the investment without incurring any investment loan break costs or being exposed to any shortfall between the value of their investment and their investment loan balance.

Please note that investors choosing the full recourse investment loan option may be required to contribute their own money in the event that Macquarie Bank Limited, 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 loan from their own funds.

Who may be interested in this investment?

The investment may be suitable to investors for a number of reasons, including if the investor is looking:

- To gain medium term exposure to the Australian market or Asian equity positions.
- For the cash flow advantages of a fixed annual distribution (for Class E) and a potential annual distribution throughout the term (for Class F and G).
- To invest with the flexibility of being able to 'walk away' quarterly from the investment and investment loan without incurring additional costs if the limited recourse loan is selected.⁸
- To invest using their SMSF.

⁵ Subject to early termination.

⁶ Investors will not receive this distribution if they 'walk-away' during or at the end of each year.

⁷ Investors will not receive this distribution if they 'walk-away' during each year.

⁸ Note that 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 returns

Class E – Worked example

An investor invests in class E of the Macquarie Flexi 100 Trust and holds their Macquarie Flexi 100 investment to maturity (5.5 years).

Assumptions

- Investor borrows \$100,000 to invest
- Fixed hurdle of 122%. Fixed cap of 90% (indicative only)⁹
- S&P/ASX 200 start level of 4,300
- S&P/ASX 200 level at maturity of 8,265
- S&P/ASX 200 hurdle level of 5,246 (4,300 x 122%)
- S&P/ASX 200 level capped at 8,170 (4,300 + 4,300 x 90%)

Potential returns

Total distribution payments received over the term	\$22,000	$\$100,000 \times (4\% \times 5 + 2\%)$
Gain on underlying reference index (S&P/ASX 200)	\$68,000	Gain on S&P/ASX 200 (8,170 – 5,246)/4,300 Multiplied by investment amount of \$100,000
Total received over the term of the investment¹⁰	\$90,000	Distributions paid plus gain at maturity

Class F – Worked example

An investor invests in class F of the Macquarie Flexi 100 Trust with the S&P/ASX 200 as the Reference Asset. The investor holds their Macquarie Flexi 100 investment to maturity (3 years).

Assumptions

- Investor borrows \$100,000 to invest
- Fixed cap of 17% p.a. (indicative only)⁹
- **Year 1**
 - > S&P/ASX 200 start level of 4,300
 - > S&P/ASX 200 end level of 5,100
- **Year 2**
 - > S&P/ASX 200 start level of 5,100
 - > S&P/ASX 200 end level of 4,800
- **Year 3**
 - > S&P/ASX 200 start level of 4,800
 - > S&P/ASX 200 end level of 5,500

Potential returns

Year 1 distribution	\$17,000	$\$100,000 \times (5,031 - 4,300)/4,300$
Year 2 distribution	\$0	Index has fallen over the period, therefore no distribution.
Year 3 distribution	\$14,583	$\$100,000 \times (5,500 - 4,800)/4,800$
Total received over the term of the investment¹⁰	\$31,583	Distributions paid

Risks


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

- **Underlying investment risk** – the risk that the requested underlying Reference Asset does not perform well, including as a result of recent increased equity market volatility and the global economic downturn;
- **Creditworthiness of the counterparties** – the risk that the relevant counterparty is not able to meet its obligations;
- **Borrowing to invest** – in order for investors to break even at maturity the value of their investment (including any distributions received throughout the term) will need to increase by more than the amount of their interest payments and other costs;
- **Early termination risk** – the risk that the investment is terminated early; this may occur in a number of circumstances, for example, as a result of increased hedging costs, especially for Class F and Class G; and
- **Currency risk** – the risk that movements in the USD:AUD foreign exchange rate will adversely affect the value of an investor's units throughout the term (Class G units only).

⁹ The actual performance caps will be determined as at 18 November 2009 and published at www.macquarie.com.au/flexi and could be lower than the indicative performance caps depending on market conditions at the time, in particular the level and volatility of the reference assets.

¹⁰ Not including costs of gearing.

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

 1800 080 033

 www.macquarie.com.au/flexi

IMPORTANT INFORMATION

This information has been prepared by Macquarie Financial Products Management Limited ABN 38 095 135 644, AFSL 237847 (MFPML) and is current as at 29 September 2009. This is not an offer. The offer will be made by MFPML in the Macquarie Flexi 100 Trust Product Disclosure Statement dated around 2 October 2009 (PDS). The PDS will be available by phoning 1800 080 033 when the product is released or otherwise becomes available which is expected to be around 2 October 2009.

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. We recommend investors obtain financial, legal and taxation advice before making any financial investment decision.

The loans are offered by Macquarie Bank Limited ABN 46 008 583 542 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.