



## Macquarie Flexi 100 Trust

# A flexible leveraged investment solution.

The Macquarie Flexi 100 Trust (Flexi 100) is a flexible, capital protected<sup>1</sup> solution that offers 100 per cent leveraged exposure to a menu of Australian and Asian share market investments. The unique 'Walk-Away' feature provides Investors with flexibility and control over their investment.<sup>2</sup>

### Potential benefits

- A simple way to gain access to a portfolio of Australian and Asian share markets with growth potential
- Access to a 100 per cent borrowing facility with no margin calls with the choice of a Limited or Full Recourse Investment Loan
- A flexible capital protected investment
- Fixed or potential variable Distributions over the investment Term<sup>3</sup>
- An eligible investment for Self Managed Super Funds (SMSFs<sup>4</sup>) (Limited Recourse Investment Loan only)
- A 'Walk-Away' feature providing the flexibility to redeem prior to Maturity without incurring additional costs such as investment shortfalls or Investment Loan break costs.<sup>2</sup>

### Who would invest in Flexi 100

Flexi 100 may be suitable for Investors who are looking for:

- A simple way to gain access to Australian and Asian share market investments
- The ability to borrow 100 per cent of their Investment Amount at competitive interest rates
- 100 per cent leverage within their SMSF
- An investment with the potential for investment growth and Distributions throughout the Term of the investment
- The flexibility to 'Walk-Away' from the investment and Investment Loan without incurring any additional costs.<sup>2</sup>

### Walk-Away feature

The 'Walk-Away' feature enables investors to withdraw on a quarterly basis without paying any further costs such as investment shortfalls and loan break costs.<sup>2</sup> This feature ensures that the investment is liquid and investors are not locked in for the entire duration of the term.

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.

4 Trustees of superannuation funds who propose to invest in 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.

## Investment menu

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 with an enhanced Participation Rate of 150%, subject to any Performance Caps.
<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

## Investment categories

### 5.5 Year Fixed Distribution Classes

The key features of these classes include fixed annual Distributions of four per cent of the Investment Amount throughout the Term and at Maturity a fixed Distribution of two per cent.<sup>3</sup> At Maturity, investors are also entitled to any gain on the Reference Asset above the Hurdle of 122 per cent (the Hurdle is equal to the amount paid to investors in fixed Distributions throughout the Term) subject to the Term Performance Cap (if any).

Unit Class	Investment Opportunity	Reference Asset	Indicative Term Performance Cap*	Distribution Rate
<b>Class AD</b>	Australian Equity	S&P/ASX 200 Index	100%	For both Unit Classes: Years 1-5: 4.0% Years 5.5: 2.0%
<b>Class AE</b>	Asian Equity	20% Hang Seng H-Share Index ETF 20% Tracker Fund of Hong Kong 20% MSCI Taiwan Index 20% Kospi 200 Index 20% MSCI Singapore Index	Uncapped	

\* Actual Term Performance Caps will be determined on or before the Swap Start Date, which will be on or about the Unit Issue Date.

### 3.5 Year Fixed Distribution Class

The key features of this class include fixed annual Distributions of 6.5 per cent of the Investment Amount in years one and two and a fixed Distribution of 3.25 per cent of the Investment Amount in year three.<sup>3</sup> At Maturity, investors are entitled to 150 per cent of any gain on the Reference Asset above the Hurdle of 116.25 per cent (the Hurdle is equal to the amount paid to investors in fixed Distributions throughout the Term) subject to the Share Performance Cap.

Unit Class	Investment Opportunity	Reference Asset	Indicative Share Performance Cap*	Distribution Rate
<b>Class AF</b>	Australian Equity Focus	Australian Equity Focus Basket	65%**	Years 1-2: 6.5% Year 3: 3.25% Years 3.5: 0.0%

\* Actual Share Performance Caps will be determined on or before the Swap Start Date, which will be on or about the Unit Issue Date.

\*\* The Share Performance Cap applies to the individual performance of each constituent share of the Reference Asset, and not the performance of the Reference Asset itself.

### Variable Distribution Class

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.<sup>3</sup>

Unit Class	Investment Opportunity	Reference Asset	Indicative Annual Performance Cap*	Distribution Rate
<b>Class AG</b>	Australian Equity	S&P/ASX 200 Index	17% pa**	Potential variable Distributions between 0.0% and the Annual Performance Cap (if applicable)

\* Actual Annual Performance Caps will be determined on or before the Swap Start Date, which will be on or about the Unit Issue Date.

\*\* The indicative Annual Performance Cap is only in relation to Distribution Period 1; for Distribution Periods 2 and 3 this may vary, subject to the Minimum Performance Cap.

## How does Flexi 100 work?

Flexi 100 offers investors 100 per cent leveraged exposure to a menu of Australian and Asian share market investments. To invest in Flexi 100, investors must apply for an Investment Loan for 100 per cent of the Investment Amount.

## Investment Loan options

In order to apply for Units, Investors must apply for a 100 per cent Investment Loan from a Macquarie Group company. Investors are provided with two Investment Loan options, either:

- Limited Recourse Investment Loan; or
- Full Recourse Investment Loan.

Both Loans provide 100 per cent gearing, allowing Investors to benefit from a low initial outlay and no margin calls. SMSFs can only apply for a Limited Recourse Investment Loan.

To help manage cash flow, Investors can also apply for an optional Interest Loan to fund their annual in advance interest pre-payment. Interest Loans are not available to SMSF investors.

## Interest rates

The indicative Investment Loan interest rates for the year ending 30 March 2012 are shown below. Once set, these rates will not increase throughout the Term.

### Indicative loan interest rates

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

## How to apply

<b>Step 1</b>	Download and read the Flexi 100 Product Disclosure Statement (PDS), and Offer document on the website <a href="http://macquarie.com.au/flexi">macquarie.com.au/flexi</a>
<b>Step 2</b>	Complete your Application Form (included at the back of the PDS) and any required accompanying documents (referred to in the Application Form and in Section 7 of Part III of the Flexi 100 PDS)
<b>Step 3</b>	Send your completed Application Form and the additional required documents, so that it is received by 3.00pm (Sydney time) on Friday 18 March 2011

## Product Rulings

The Australian Taxation Office (ATO) has issued Product Rulings PR 2010/25<sup>5</sup> for the Limited Recourse Investment Loan and PR 2010/26<sup>5</sup> for the Full Recourse Investment Loan which apply to the March 2011 offer of the Flexi 100 Trust.

## 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 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 4,700
- S&P/ASX 200 Close Level of 9,500
- S&P/ASX 200 Hurdle Level of 5,734 (122% x 4,700)
- S&P/ASX 200 Final Investment Level is lesser of:
  - (a) S&P/ASX 200 Closing Level of 9,500
  - (b) S&P/ASX 200 Capped Level of 9,400 (4,700 + 4,700 x 100%)

Therefore the Final Investment Level is equal to 9,400.

#### Potential returns

Total Distribution payments received over the term	\$22,000	\$100,000 x (4% x 5 + 2%)
Reference Asset Gain received at Maturity	\$78,000	$\left(\frac{9,400 - 5,734}{4,700}\right) \times \$100,000$
Total received over the term of the investment	\$100,000	Total Distributions paid over the term and Reference Asset Gain paid at Maturity

5. The Product Rulings PR 2010/25 and PR 2010/26 are only rulings on the application of taxation law and are in no way expressly or impliedly a guarantee or endorsement of the commercial viability of the Macquarie Flexi 100 Trust, of the soundness or otherwise of the Macquarie Flexi 100 Trust as an investment, or of the reasonableness or commerciality of any fees charged in connection with the Macquarie Flexi 100 Trust. The Product Rulings are only binding on the Commissioner of Taxation if the investments in the Macquarie Flexi 100 Trust are implemented in the specific manner provided in the Product Rulings. Investors should refer to the Product Rulings for more information and seek their own tax advice on the application of the relevant Product Ruling to their own specific circumstances.

## At a glance

<b>Key dates</b>	Offer opens: 1 February 2011 Offer close: 3.00pm (Sydney time), 18 March 2011 Unit Issue Date: 31 March 2011
<b>Types of investment</b>	Flexible, capital protected <sup>6</sup> investment that offers 100 per cent leveraged exposure to a menu of Australian and Asian share investments
<b>Minimum investment</b>	\$25,000
<b>Fees</b>	Upfront Loan Establishment Fee – 2% Responsible Entity Fee – 0.5125% pa <sup>7</sup>
<b>Underlying investment</b>	<ul style="list-style-type: none"><li>■ <b>Australian Equity</b> – S&amp;P/ASX 200 Index</li><li>■ <b>Australian Equity Focus</b> – Equally weighted basket of 20 Australian shares with a large market capitalisation listed on the ASX</li><li>■ <b>Asian Equity</b> – Equally weighted basket of indices or index tracking funds for China, Hong Kong, Taiwan, South Korea and Singapore</li></ul>
<b>Investment term</b>	5.5 years, 3.5 years and 3 years
<b>Loan options</b>	Full Recourse or Limited Recourse Investment Loan as well as an optional Interest Loan
<b>Income</b>	Fixed or potential variable Distributions paid annually over the investment Term
<b>'Walk-Away'</b>	Investors can redeem on a quarterly basis without paying any further costs such as investment shortfalls and loan break costs <sup>8</sup>
<b>Who can invest?</b>	Individuals, companies, trusts and SMSFs.

## Risks

As with most investments, there are some key risks which investors should be aware of including:

- **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 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:** for Asian Equity Units, 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 18 March 2011

6. 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.
7. This fee is funded by the excess payments received under the Collateral Agreement.
8. 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 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.

### IMPORTANT INFORMATION

This information is current as at 14 January 2011 and was prepared by Macquarie Financial Products Management Limited ABN 38 095 135 694, AFSL 237847 (MFPML), the issuer of units in and the responsible entity of the Macquarie Flexi 100 Trust. An invitation by MFPML dated 14 January for Investors to apply for Units in the Macquarie Flexi 100 Trust to which the Product Disclosure Statement dated 13 September 2010 (PDS) relates is available at [macquarie.com.au/flexi](http://macquarie.com.au/flexi) or by phoning 1800 080 033. The PDS is available from MFPML at [Macquarie.com.au/flexi](http://Macquarie.com.au/flexi) or by phoning 1800 080 033. In deciding whether to acquire or continue to hold an investment in the Macquarie Flexi 100 Trust, investors should obtain a copy of the PDS and consider its contents.

This information is general advice and does not take account of investors' objectives, financial situation or needs. Before acting on this general advice, investors should therefore consider the appropriateness of the advice having regard to their

MFPML or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including as investment adviser, broker or lender. MFPML or its associates may receive fees, brokerage or commissions for acting in these capacities. In addition, MFPML or its associates, officers or employees may buy or sell the financial products as principal or agent. Investors may contact MFPML on 1800 080 033

The loans are offered by Macquarie Specialist Investments Lending Limited ABN 59 125 574 389 (MSIL) or another Macquarie Group company as determined by MFPML 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 (MBL), MFPML, MSIL 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 MBL, MFPML, MSIL 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



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