Thank you for requesting this Product Disclosure Statement from Funds Focus.

Fee Reduction

As highlighted within our offers page, whilst most managed funds typically pay an entry fee of up to 5%. Applications lodged through Wealth Focus will receive a rebate of up to 5% directly into your fund, providing you with more money in your fund.

How to Apply

Please have a read through the PDS and if you would like to invest the application pages can generally be found towards the back of the document. You will only need to send the application section back with a cheque/direct debit payable direct to the investment company (not ourselves). You should take note of any minimum investment amounts that may apply and proof of ID that is now required for the new Anti-Money Laundering regulations.

Then mail the completed application directly to us.

We will then check to ensure your form is completed correctly before forwarding your document on to the investment provider on your behalf.

Wealth Focus Pty Ltd
Reply Paid 760
Manly
NSW 1655

Please note that we are unable to track applications mailed directly to the product provider and therefore cannot guarantee that your discounts have been applied in these instances.

Should you wish to take advantage of our free annual valuation and tax report for all your investments you should complete our broker nomination form for The Wealth Focus Investment Service.

Regards

Sulieman Ravell
Managing Director

Requirements for verifying your identity under the new Anti Money Laundering (AML)/Counter Terrorism Financing (CTF) Act

The AML/CTF Act came into effect on the 12th December 2007. All financial planning and fund management companies are now required to collect, verify and store specific customer information before arranging investment services for a client. It is designed to prevent, detect and protect Australian business from money laundering and the financing of terrorist activities.

As such, we request that all new applications are sent with 'certified documentation'.

We have found that the easiest way to provide the required documentation is to have a copy of your driving licence *or* passport certified by Australia Post or a Justice of the Peace (please see following page for a full list of individuals that can certify documentation).

Once this has been completed, under the current requirements we will not require you to send identification again.

What you need to do

You will need to enclose a certified piece of photographic evidence or one piece of primary non-photographic evidence and one piece of secondary evidence (please refer to the Identification Form for document requirements), with your application form and post to us at the following address

Wealth Focus Pty Ltd

Reply Paid 760

Manly

NSW 1655

Please do not send us original driving licences or passports as these can very easily get lost in the post. Copies of documents can be certified by an authorised individual, they will need to sight and verify that the copy is a 'certified true copy', sign, date, print their name and list their qualification.

ANTI-MONEY LAUNDERING REQUIREMENT FOR NEW APPLICATIONS
IDENTIFICATION FORM

GUIDE TO COMPLETING THIS FORM

- *Please contact us on 1300 55 98 69 if you have any queries.*
- *If you wish to apply in the name of a trust or company, please contact us for an alternative identification form.* ***SMSF's and retail superannuation applications do not need to provide ID*** *(an online check will be performed for SMSFs)*

Attach *a certified copy of the ID documentation used as proof of identity. ID enclosed should verify your full name; and* ***EITHER*** *your date of birth or residential address.*

- *Complete Part* ***I*** *(or if the individual does not own a document from Part* ***I****, then complete either Part* ***II*** *or* ***III****.)*

PART I – ACCEPTABLE PRIMARY ID DOCUMENTS

	Select ONE valid option from this section only
□	Australian State / Territory driver's licence containing a photograph of the person
□	Australian passport (a passport that has expired within the preceding 2 years is acceptable)
□	Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
□	Foreign passport or similar travel document containing a photograph and the signature of the person*

PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – *should only be completed if the individual does not own a document from Part I*

	Select ONE valid option from this section
□	Australian birth certificate
□	Australian citizenship certificate
□	Pension card issued by Centrelink
□	Health card issued by Centrelink
	AND ONE valid option from this section
□	A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address
□	A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. *Block out the TFN before scanning, copying or storing this document.*
□	A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
□	If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

Who can verify customer identity documents?
Please find below a list of all the Approved Individuals that can certify documents:

- **A Justice of the Peace**
- **An agent of the Australian Postal Corporation** who is in charge of an office supplying postal services to the public, or a permanent employee with more than two years continuous service (who is employed in an office supplying postal services to the public)
- A notary public (for the purposes of the Statutory Declaration Regulations 1993)
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described)
- A judge, magistrate, registrar or deputy registrar of a court
- A chief executive officer of a Commonwealth Court
- A police officer
- An Australian consular or diplomatic officer (within the meaning of the Consular Fees Act 1955)
- An officer or finance company officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
- An officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees, and
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with more than two years continuous membership.

MACQUARIE FLEXI 100 TRUST
PRODUCT DISCLOSURE STATEMENT
ISSUED 13 SEPTEMBER 2010

MACQUARIE

Important Information

Offer Document

This Product Disclosure Statement ('**PDS**') is dated 13 September 2010 and is issued by Macquarie Financial Products Management Limited (ABN 38 095 135 694) ('**MFPML**', '**Responsible Entity**' or the '**Issuer**'). MFPML holds Australian Financial Services Licence No. 237847.

Glossary

A Glossary of terms used in this PDS appears in Section 8 of Part I.

This PDS

This PDS consists of two Parts. This is Part I of the PDS and contains a summary of the details of investments of the Fund, information that relates only to Units such as specific risks of investing in Units, a description of investment options available, specific risks of investing in Units, information about the Loans available that are described in this PDS, fees and costs associated with this investment and the taxation implications for Australian residents investing in the Fund. Part II of the PDS contains more general information about the Fund such as the structure of the Fund, the general risks of investing in the Fund and additional information about the parties providing the underlying assets of the Fund and a summary of the material contracts.

Part I and Part II of the PDS (including any further updated information described in 'Changes and Updates to PDS' below), the 'Offer' tab on the Flexi Website at macquarie.com.au/flexi and the Application Form included in or accompanying this PDS contain the only terms on which Units will be issued to retail investors in Australia. To the extent permitted by law, MFPML accepts no liability whatsoever for any loss or damage arising from investors relying on any other information when investing. **No person (including other Macquarie Group companies) has been authorised by MFPML to give any information or make any representations in connection with the Fund which is not in the PDS and if given or made, such information or representation must not be relied upon as having been authorised by MFPML.**

Investors should read both Part I and Part II of the PDS and any Offers and updated information on the Flexi Website at macquarie.com.au/flexi carefully and in full before making an investment decision. You can obtain copies of information included on the Flexi Website free of charge by contacting MFPML.

The Offer

MFPML as Responsible Entity of the Fund has prepared this PDS for provision to potential investors in connection with Offers it makes from time to time for the issue of Unit Classes in the Macquarie Flexi 100 Trust, ARSN 129 962 189 ('the **Fund**') described in Section 2.1 of Part I of the PDS and to apply for Loans. The Fund is a registered managed investment scheme under the Corporations Act. MFPML is the responsible entity of the Fund. The Loans will be provided by Macquarie Specialist Investments Lending Limited ABN 59 125 574 389, or another Macquarie Group company as determined by the Issuer ('**Loan Provider**').

Indicative Rates

Any interest rates and amounts used throughout this PDS stated as indicative only will be updated for a particular Offer and included on the Flexi Website. The actual interest rates and amounts for an Offer when finalised will be published on the Flexi Website and will be confirmed to you after the issue of the Units in the Unit Class to which that Offer relates.

Not deposits with Macquarie

Investments in the Macquarie Flexi 100 Trust are not deposits with or other liabilities of Macquarie Bank Limited ('MBL'), MFPML or any other member of the Macquarie Group of companies and are subject to investment risk, including possible delays in repayment and loss of income or capital invested. None of MBL, MFPML or any other Macquarie Group company guarantees any particular rate of return on, or the performance of the Macquarie Flexi 100 Trust, nor do any of them guarantee the repayment of capital from the Macquarie Flexi 100 Trust.

Changes and updates to PDS

Information in the PDS may change from time to time. The Issuer may provide updated information on the Flexi Website at macquarie.com.au/flexi. Information available on the website or any other websites referred to in this PDS does not form part of this PDS, unless otherwise stated. A paper copy of the updated information will also be available upon request and free of charge by contacting the Issuer. The Issuer may be required to issue a supplementary PDS as a result of certain changes, in particular where the changes are materially adverse from the point of view of a reasonable person deciding as a retail client whether to invest in the Fund.

This PDS is available in paper form and in electronic form at the Flexi Website at macquarie.com.au/flexi. Investors who wish to invest in the Fund must complete and return an Application Form accompanying this PDS or print, complete and return a copy of the Application Form accompanying the electronic version of this PDS.

Any Offers are available to recipients of this PDS, whether in paper or electronic form, in Australia. If the PDS is downloaded electronically, it must be downloaded in its entirety. Investors who receive this PDS in electronic form are entitled to obtain a paper copy of this document (and an Application Form) free of charge by contacting the Issuer on 1800 080 033.

Selling restrictions

This PDS does not constitute an offer or invitation in any place where, or to any person to whom, it would not be lawful to make such an offer or invitation.

Risks in this PDS

All investments involve a degree of risk. Please ensure that you consider the risks of investment in the Fund including those risks specific to the Unit Classes available under this PDS that we have set out in Section 3 of Part I of this PDS, and the general risks associated with an investment in the Fund which are set out in Section 2 of Part II of this PDS. As well as the risks of this particular product, you should also consider how an investment in this product fits into your overall portfolio. You should also consider whether the Investment Amount of any investment in this product is appropriate given the overall size of your investment portfolio. Diversification of your investment portfolio can be used as part of your overall portfolio risk management to limit your exposure to failure or underperformance of any one investment, manager or asset class.

> The Fund may not suit potential investors who are not familiar with the risks associated with borrowing to invest. An investment in the Fund is not a traditional investment product (such as a direct investment in Australian shares), and may not suit investors who do not have experience, and are unfamiliar with, investing in products that provide indirect, notional exposure to indices using financial instruments such as swap agreements and collateral agreements.

Before making a decision to invest in the Fund, you should read this PDS and any Offers and updates on the Flexi Website and consider, in conjunction with your financial adviser, whether an investment in the Fund, and borrowing under the Investment Loan and, if applicable, an Interest Loan, is appropriate in light of your particular investment needs, objectives and financial and taxation circumstances. You should invest in the Fund only if it is an appropriate investment for you and if you are comfortable with the risks of this investment. MFPML recommends you obtain appropriate financial, taxation and legal advice ('professional advice') before making a decision whether to invest in the Fund. Acting on inappropriate professional advice could lead to a poor result for you regardless of the performance of an investment in the Fund. Your professional adviser (including an adviser which is a member of the Macquarie group of companies) is not an agent of MFPML or the Loan Provider in respect of this product. Accordingly, neither MFPML nor the Loan Provider is responsible for any advice given or omitted to be given to you by your professional adviser. In particular, you should ensure that you understand the taxation consequences for you if you invest in the Fund and your repayment obligations under the Investment Loan and, if applicable, the Interest Loan. The Loan Provider is not the issuer of this PDS and takes no responsibility for any Offer or for the contents of this PDS except for statements in relation to the Loans. The contact details for the Responsible Entity and the Loan Provider are set out in the Corporate Directory at the back of this PDS.

Cooling Off Period

Investors in the Fund are entitled to return their Units by giving written notice to the Responsible Entity at any time within the Cooling Off Period. The Cooling Off Period is 14 days commencing on the earlier of the date the issue of Units is confirmed to you and the end of the fifth business day after the issue of Units. The amount repaid may be less than the amount of your initial investment in certain circumstances. Refer to Section 1.6 of Part I of this PDS for more information.

Enquiries and Complaints

For information regarding enquiries and complaints, refer to Section 3.7 of Part II of this PDS.

General

Unless otherwise stated, all dollar amounts referred to in this PDS are Australian Dollars (AUD).

Labour standards, environmental, social or ethical considerations are not taken into account in the selection, retention or realisation of the Fund's investments.

Superannuation Funds

Trustees of superannuation funds who propose to invest in the Fund should be aware of their obligation 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 their fund.

MACQUARIE FLEXI 100 TRUST

MACQUARIE

Supplementary Product Disclosure Statement
6 April 2011

Important Information

This document is a Supplementary Product Disclosure Statement (**SPDS**) for the Macquarie Flexi 100 Trust Product Disclosure Statement dated 13 September 2010 (**PDS**). This document must be read together with the PDS and any Offers and updated information on the Flexi Website. Terms defined in the PDS have the same meaning as in this SPDS. To obtain a copy of the PDS, you should contact Macquarie Financial Products Management Limited ABN 38 095 135 694 AFSL No. 237 847 (**MFPML**) on 1800 080 033.

Not deposits with Macquarie

Investments in the Macquarie Flexi 100 Trust are not deposits with or other liabilities of Macquarie Bank Limited (MBL), MFPML or any other member of the Macquarie Group of companies and are subject to investment risk, including possible delays in repayment and loss of income or capital invested. None of MBL, MFPML or any other Macquarie Group company guarantees any particular rate of return on, or the performance of, the Macquarie Flexi 100 Trust, nor do any of them guarantee the repayment of capital from the Macquarie Flexi 100 Trust.

Summary of changes to the PDS

The information in the table below is of a summary nature only. It does not contain full details of all the changes to the PDS made by this SPDS; it is only intended to highlight some of the more significant changes to the PDS. More detailed information about the updates to the PDS can be found in Parts 1 to 5 of this SPDS. It is important that you do not rely on this table alone, and should ensure that you read Parts 1 to 5 of this SPDS before making any investment decision.

SPDS Part	Nature of change	Page
Part 1	Addition of the following Investment Opportunities and their associated features: ◦ Australian Concentrated Equity; ◦ Commodities Select; ◦ US Equity; and ◦ BRIC Equity.	2
Part 2	Key risks, and risks specific to the new Investment Opportunities.	22
Part 3	Addition of an option for Investors to make interest payments in full and receive Distributions (if any) in full rather than Distributions automatically being applied to pay interest.	26
Part 4	Addition of new and revised glossary terms.	28
Part 5	Revised how to apply instructions.	31

For your assistance, any content in the attached PDS that is amended by this SPDS is shaded grey.

Changes to the Product Disclosure Statement dated 13 September 2010

Part 1: Updates relating to new Investment Opportunities

Changes to Important Information

- On the inside cover, under the sub-heading 'Changes and updates to PDS', **insert** the following after the third paragraph:

  'Due to our licensing arrangements for the S&P CNX Nifty Index and Indian securities regulation, Units are not offered, directly or indirectly, and will not be sold or delivered within India or to, or for the benefit of, (i) any resident in India, including any corporation or other entity incorporated or registered under Indian laws, or (ii) another party for re-offering or re-sale, directly or indirectly, in India or to a resident of India or any entity incorporated or registered in India, or (iii) any non resident Indian (**NRI**), person of Indian Origin (**PIO**) or Indian Overseas Corporate Body (**OCB**). For the purposes of this PDS, NRI shall mean an Indian citizen who has migrated to another country, a person of Indian origin who is born outside India or a person of Indian origin who resides outside India; a PIO shall mean a person of Indian origin who is not a citizen of India; an OCB shall mean a body which is majority owned by a person or persons of Indian origin or nationality, residing outside India.'

Changes to Introduction Section

- At the bottom of the table on page 2 of the PDS, **insert** the following rows:

Investment Opportunity	Reference Asset	Term[1]	Distributions		When gain recieved		Gain Currency[2]	
			Variable	Fixed	Annually during Term	At Maturity	AUD	USD
Australian Concentrated Equity	A fixed basket of 13 shares with large market capitalisation listed on the ASX; exposure to the Australian sharemarket.	3 Year						
		3.5 Year						
		5.5 Year						
Commodities Select	Commodities Select Portfolio; exposure to an equally weighted basket of five commodities, which is reviewed and reset annually.	3 Year						
US Equity	S&P 500 Index; exposure to the US sharemarket.	3 Year						
		3.5 Year						
		5.5 Year						
BRIC Equity	Equally weighted basket comprising the iShares MSCI Brazil Index Fund, Market Vectors Russia ETF, S&P CNX Nifty Index and Hang Seng H-Share Index ETF.	3.5 Year						
		5.5 Year						

- On page 3, under the 'Potential benefits' sub-heading, **replace** the first bullet point with the following:

  '**Diversified investment opportunities:** the Units offer you the opportunity to gain exposure to a menu of Australian equity investments, international equity investments, or a basket of commodities that is reviewed and reset annually.'

Changes to Section 1 of Part I 'Investment Summary'

- In Section 1.1(a)(1)(a) on page 7 **insert** the following after the fourth bullet point:

  ' ° Australian Concentrated Equity (exposure to the Australian Concentrated Equity Basket);
  ° Commodities Select (exposure to the Commodities Select Portfolio);
  ° US Equity (exposure to the S&P 500 Index); and
  ° BRIC Equity (exposure to the basket comprising 25% BRZ, 25% RSX, 25% Nifty and 25% HSHSI).'

- In Section 1.2(c) on page 8 **replace** the three bullet points with the following:

  ' ° Share Performance Caps and Hurdles (for any Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Fixed Distribution Classes);[10]
  ° Term Performance Caps and Hurdles (for any other Fixed Distribution Class);[10] and
  ° Annual Performance Caps (for all Variable Distribution Classes).[11]'

- In Section 1.2(c)(1) on page 8, **replace** the consecutive paragraphs titled 'The Share Performance Cap' and 'The Term Performance Cap' with the following:

Topic	Summary	Further Information
	The Share Performance Cap For an investment in any Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Fixed Distribution Class, a cap may be placed on the individual performance of each of the shares or indices/ETFs comprising the Reference Asset, and accordingly may cap the potential Reference Asset Gain you could realise at Maturity. **The Term Performance Cap** For an investment in any Fixed Distribution Class other than an Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Class, a cap may be placed on the Final Investment Level of the Reference Asset, and accordingly may cap the potential Reference Asset Gain you could realise at Maturity.	Section 2.2.2 of Part I 'Australian Equity Focus Classes: Australian Equity Focus Basket', Section 2.2.5 of Part I 'Australian Concentrated Equity Classes: Australian Concentrated Equity Basket' and Section 2.2.8 of Part I 'BRIC Equity Basket' Section 2.3 of Part I 'The Fixed Distribution Classes – Distributions and return at Maturity'.

- **Replace** footnote 12 on page 9 with the following:

  '12. For any Asia Long Short Class, Asian Equity Class or BRIC Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Sections 5.3.10, 5.3.11 and 5.3.12 of Part I for more details.'

- In Section 1.2(e)(a), **replace** the last paragraph with the following:

  'Your Reference Asset Gain will broadly represent any increases in the value of your investment over the relevant Hurdle, and will be subject ot the relevant Term Performance Cap or Share Performance Cap (if any).'

- **Replace** footnote 17 on page 10 with the following:

  '17. For any Asia Long Short Class, Asian Equity Class or BRIC Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Sections 5.3.10, 5.3.11 and 5.3.12 of Part I for more details.'

- In Section 1.4 on page 15, **replace** the second last bullet point with the following:

  '– **Asia Long Short Classes, Asian Equity Classes, US Equity Classes and BRIC Equity Classes – foreign exchange risk:** If you invest in any of these Unit Classes you may be exposed to foreign exchange fluctuations. Foreign exchange fluctuations may have either a positive or negative effect on the return from the Reference Asset and will affect the value of these Unit Classes throughout the Term.'

Changes to Section 2 of Part I 'Investment options'

- At the bottom of Table 2 on page 19, **insert** new rows as follows:

Investment Opportunity	Reference Asset	Exposure	Gain Currency
Australian Concentrated Equity	Australian Concentrated Equity Basket	A fixed basket of 13 shares with large market capitalisation listed on the ASX.	AUD
Commodities Select	Commodities Select Portfolio	Equally weighted basket of 5 commodities which will be reviewed and reset annually.	AUD
US Equity	S&P 500 Index	500 leading companies by market capitalisation listed on either the New York Stock Exchange or NASDAQ.	USD
BRIC Equity	25% BRZ, 25% RSX, 25% Nifty, and 25% HSHSI	BRZ, RSX and HSHSI are exchange-traded funds which seek to provide investment returns closely matching the performance of the MSCI Brazil Index, DAXglobal Russia+ Index and Hang Seng China Enterprises Index respectively. Nifty is a market capitalisation-weighted index of the Indian equity market.	USD

- **Replace** footnote 25 on page 19 with the following:

'25. For any Asia Long Short Class, Asian Equity Class or BRIC Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Sections 5.3.10, 5.3.11 and 5.3.12 of Part I for more details.'

- After Section 2.2.4 on page 28, **insert** the following:

'2.2.5 Australian Concentrated Equity Classes: The Australian Concentrated Equity Basket

The Reference Asset for each Australian Concentrated Equity Class is the Australian Concentrated Equity Basket. This will be a fixed basket of 13 shares listed on the ASX with large market capitalisation as at the date of the Supplementary PDS (each a '**Reference Asset Constituent**'), with a focus on shares in the financial, mining and energy sectors. The fixed weighting of each share in the basket is indicated in the table below. These Reference Asset Constituents and their Weights will not change over the Term except in limited circumstances. See Section 4.1.3 of Part II of this PDS for more information.

The Reference Asset Constituents are listed in the table below. Please note that the shares in the table have not been selected as Reference Asset Constituents from the financial, mining and energy sectors based on their past performance, nor is any representation made about expected future performance. Accordingly, the basket composition does not represent an investment recommendation by the Responsible Entity to Investors.

Table: Details of the Reference Asset Constituents for the Australian Concentrated Equity Basket

Reference Asset Constituent	ASX Code	Weight %
Australia and New Zealand Banking Group Limited	ANZ	8%
BHP Billiton Limited	BHP	8%
Commonwealth Bank of Australia	CBA	7%
National Australia Bank Limited	NAB	7%
Newcrest Mining Limited	NCM	8%
Oil Search Limited	OSH	8%
Origin Energy Limited	ORG	8%
Rio Tinto Limited	RIO	8%
Santos Limited	STO	8%
Wesfarmers Limited	WES	7%
Westpac Banking Corporation	WBC	7%
WorleyParsons Limited	WOR	8%
Woodside Petroleum	WPL	8%

The figure below shows the past performance of the basket of the Reference Asset Constituents with corresponding Weights since November 2002. As the value of Units is dependent on other variables as well as the positive performance (if any) of the Reference Asset, as described below, this figure is not necessarily indicative of returns to any Unit Class in the Fund. In particular, you should note that the performance of an Australian Concentrated Equity Class will not necessarily correspond to the performance of the Reference Asset Constituents because:

- returns for Investors in an Australian Concentrated Equity Class will be adjusted to take account of the relevant Share Performance Cap (as described below) or Annual Performance Cap (as described in Section 2.4 of Part I of the PDS);
- Distributions may be paid from the Fund which are not reflected in the value of an Australian Concentrated Equity Class; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements (outlined in Section 2.6.2 of the PDS).

Figure: Historical performance of the basket of the Reference Asset Constituents for the Australian Concentrated Equity Basket

Source: Bloomberg L.P.

Bloomberg L.P. has published this trading data and has not consented to the use of the trading data in this PDS. This graph was produced by the Issuer, not by Bloomberg (based on the trading data obtained from Bloomberg).

You should also note that past performance of the Reference Asset Constituents is not an indicator of future performance or the performance of an investment in the Fund.

There are certain risks associated specifically with the Australian Concentrated Equity Basket. See Sections 3.4 and 3.10 of Part I of the PDS for more information.'

Share Performance Cap and returns at Maturity

For Australian Concentrated Equity Fixed Distribution Classes:

- a '**Share Performance Cap**' applies to the individual performance of each Reference Asset Constituent (that is, each of the 13 shares in the basket) and not to the performance of the whole basket, as with a Term Performance Cap. See 'How is the Closing Level of the Reference Asset calculated?' in this section.
- on the Swap Valuation Date, the excess return of the basket (if any) above the Hurdle is multiplied by 125%. See Section 2.3.2 of Part I of the PDS 'What return will I receive at Maturity?' for more information.

How is the Closing Level of the Reference Asset calculated?

The Closing Level of the Reference Asset on the Swap Start Date (the '**Initial Investment Level**') is set to 100.

The Closing Level of the Reference Asset may be determined on any date (on or prior to the Maturity Date), assuming early termination has not occurred, using the following steps:

(1) For each Reference Asset Constituent, determine the **Constituent Start Level**.
(2) For each Reference Asset Constituent, determine the **Constituent Closing Level** on the required date.
(3) For each Reference Asset Constituent, subtract the Constituent Start Level from the Constituent Closing Level. This represents the gross return on each Reference Asset Constituent.
(4) For each Reference Asset Constituent, divide the result from step (3) by the Constituent Start Level. This represents the percentage change in each Reference Asset Constituent.
(5) For each Reference Asset Constituent, take the lesser of the result from step (4) and the **Share Performance Cap**.
(6) For each Reference Asset Constituent, multiply the result from step (5) by the relevant Weight.
(7) Add together the results of step (6) for each Reference Asset Constituent.
(8) Add 1 to the result of step (7), and multiply by 100.

To receive a positive return, the Closing Level of the Reference Asset on the relevant day must be higher than its level on the Swap Start Date, which is 100 for each Australian Concentrated Equity Class.

Please note that on the occurrence of a corporate event or adjustment event, the calculation of the Constituent Start Level and Constituent Closing Level for a Reference Asset Constituent may be adjusted by the Swap Counterparty. See Section 4.1.3 of Part II of the PDS for more information.

WORKED EXAMPLE OF THE CLOSING LEVEL OF THE REFERENCE ASSET FOR AN AUSTRALIAN CONCENTRATED EQUITY 3.5 YEAR FIXED DISTRIBUTION CLASS

For the purposes of this example, it is assumed that:

- of the 13 Reference Asset Constituents, only 3 shares will have particular values and performance shown below and the remaining 10 shares will all have the same values and performance as shown for shares 4-13; and
- the Share Performance Cap for the Australian Concentrated Equity 3.5 Year Fixed Distribution Class is 65%.

Steps		Reference Asset Constituents			
Assume that:		Share 1	Share 2	Share 3	Share 4-13
1.	Closing Level on the Swap Start Date	AUD5	AUD23	AUD40	AUD10
2.	Closing Level on the Swap Valuation Date	AUD9	AUD26	AUD37	AUD12
3.	Gross Return (2) – (1)	AUD4	AUD3	-AUD3	AUD2
4.	Percentage Change	80.00%	13.04%	-7.50%	20.00%
5.	Capped Level	65.00%	13.04%	-7.50%	20.00%
6.	Weighting	7%	8%	7%	78% (total weighting)
7.	Weighted Return	4.55%	1.04%	-0.53%	15.6% (total weighted return)
8.	Closing Level of Reference Asset	1 + (4.55%+1.04%-0.53%+15.6%) =1.2066 1.2066 x 100 = 120.66			
Therefore the Closing Level of the Reference Asset on the Swap Valuation Date is 120.66.					

2.2.6. Commodities Select Classes: The Commodities Select Portfolio

The Reference Asset for each Commodities Select Class is the Commodities Select Portfolio. This will be a basket of 5 commodities. Each will have an equal Weight (20%). The commodities will be selected from the list of Eligible Commodities shown below (each a '**Reference Asset Constituent**'). The commodities will come from at least 3 of the 5 Commodity Sectors in the table below. The Reference Asset Constituents and their Weights will be fixed for each Distribution Period and will not be able to be changed or rebalanced during a Distribution Period except in limited circumstances. See Section 4.1.3 of Part II of this PDS for more information. The Commodities Select Portfolio will only be offered in Variable Distribution Classes.

Table: Eligible Commodities and Commodity Sectors

	Commodity Sectors				
	Energy	Base Metals	Precious Metals	Agriculture (Grains)	Agriculture (Soft)
Eligible Commodities	Brent Crude Oil	LME Aluminium	Gold	Corn	Cotton
	Gasoil	LME Copper	Palladium	Soybeans	Sugar
	Gasoline RBOB	LME Lead	Platinum	Wheat	
	Heating oil	LME Nickel	Silver		
	Natural Gas	LME Zinc			
	WTI Crude Oil				

Selection of the Reference Asset Constituents

Prior to the start of each Distribution Period, the Responsible Entity will request Merrill Lynch International (**MLI**)* to present to the Responsible Entity a basket of 5 Eligible Commodities which must come from at least 3 Commodity Sectors. The basket of commodities will be presented as suggested constituents for the Commodities Select Portfolio, based principally on MLI's views of the possible future 12 month price performance for those commodities, as well as other factors such as volatility.** After considering the basket presented by MLI and any other information from other sources that the Responsible Entity may consider necessary, the Responsible Entity will determine the Reference Asset Constituents for the Commodities Select Portfolio for that Distribution Period. It is important to note that for each Distribution Period the Commodities Select Portfolio may contain different commodities to the basket presented by MLI, and different commodities to those comprising the basket in the prior Distribution Period.

MLI produces strategic ideas for corporate and institutional clients globally having regard to quantitative and qualitative research analysing the performance of international commodity prices. Merrill Lynch International is a subsidiary of Merrill Lynch & Co, Inc, a US entity.

Note that no element of investment discretion has been delegated by the Responsible Entity and that neither MLI nor any of its related entities act as an investment manager or advisor to the Responsible Entity with respect to the Reference Asset Constituents or any other aspect in relation to this Offer.

You should note that the composition of the Commodities Select Portfolio in no way represents:

(a) a recommendation to invest in the Fund or the Reference Asset Constituents from MLI or any of its related entities;

(b) the view of any other Macquarie Group company, including Macquarie Bank Limited, on any commodity; or

(c) an investment recommendation by the Responsible Entity for the Reference Asset Constituents.

Accordingly, Investors should conduct their own evaluation of the Reference Asset Constituents before investing in any Commodities Select Class and prior to the start of each subsequent Distribution Period, because Investors, not a Macquarie Group company or any Merrill Lynch group company (and their related entities), bear the performance risk.

* Merrill Lynch International is regulated by the United Kingdom Financial Services Authority. Merrill Lynch International does not hold an Australian Financial Services Licence but operates in Australia under Class Order 03/1099 issued by ASIC. Merrill Lynch International is registered in Australia as a foreign company (ARBN 125 336 567).

** No entity in the Merrill Lynch group (or any related entities) makes any express or implied warranty or representation whatsoever as to the result to be obtained from the basket or as to their views concerning the constituent commodities comprising the basket.

The Reference Asset Constituents for the first Distribution Period for any Offer open to Investors are available on the Flexi Website. A list of Reference Asset Constituents for each subsequent Distribution Period will be available on the Flexi Website approximately 6 weeks prior to the commencement of that period.

If MLI ceases to present commodity baskets for MFPML during the Term, it will constitute an extraordinary event under the Swap Agreement and may trigger early termination. Similarly, the Responsible Entity may decide not to offer a Commodities Select Portfolio for any Distribution Period in which case your exposure to the Reference Asset may be terminated early. For more information see Section 3.1.5 of Part I and Section 4.1.1 of Part II of the PDS.

As the Commodities Select Portfolio's composition is not fixed and may change for each Distribution Period, it is not possible to represent its past performance. Accordingly, we have not included any past performance data for the portfolio or the Reference Asset Constituents.

You should note that the performance of a Commodities Select Class will not necessarily correspond to the performance of the Reference Asset Constituents because:

- returns for Investors in an Commodities Select Class will be adjusted to take account of the relevant Annual Performance Cap (described in Section 2.4 of Part I of the PDS);
- Distributions may be paid from the Fund which are not reflected in the value of a Commodities Select Portfolio; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements (outlined in Section 2.6.2 of the PDS).

You should also note that past performance of the Reference Asset Constituents is not an indicator of future performance or the performance of an investment in the Fund.

There are certain risks associated with the Commodities Select Class. For more information, see Section 3.11 of Part I of the PDS.

How is the Closing Level of the Reference Asset calculated?

The Closing Level of the Reference Asset on the Swap Start Date (the 'Initial Investment Level') is set to 100.

The Closing Level of the Reference Asset at the end of each Distribution Period may be determined, assuming early termination has not occurred, using the following steps:

(1) For each Reference Asset Constituent, determine the **Constituent Start Level** in USD.

(2) For each Reference Asset Constituent, determine the **Constituent Closing Level** in USD on the required date.

(3) For each Reference Asset Constituent, subtract the Constituent Start Level from the Constituent Closing Level. This represents the gross return on each Reference Asset Constituent.

(4) For each Reference Asset Constituent, divide the result from step (3) by the Constituent Start Level. This represents the percentage change in each Reference Asset Constituent.

(5) For each Reference Asset Constituent, multiply the result from step (4) by 20%.

(6) Add together the results of step (5) for each Reference Asset Constituent.

(7) Add 1 to the result of step (6), and multiply by 100.

To receive a positive return, the Closing Level of the Reference Asset on the end of each Distribution Period must be higher than its level on the start of the Distribution Period, which is 100 for each Commodities Select Class.

WORKED EXAMPLE OF THE CLOSING LEVEL OF THE REFERENCE ASSET FOR A COMMODITIES SELECT VARIABLE DISTRIBUTION CLASS

Assume that:

- on the Swap Start Date, the closing level of LME copper (**CPR**) is USD9400, gold (**GLD**) is USD1400, WTI crude oil (**WTI**) is USD100, corn (**CRN**) is USD700 and soybeans (**SOY**) is USD1400.
- at the end of Distribution Period 1 the Closing Levels are CPR is USD11000, GLD is USD1850, WTI is USD85, CRN is USD600 and SOY is USD1900.

The Closing Level for Distribution Period 1 for this Unit Class is calculated as follows:

Steps		Reference Asset Constituents				
Assume that:		CPR	GLD	WTI	CRN	SOY
1.	Closing Level on the Swap Start Date (in USD)	9400	1400	100	700	1400
2.	Closing Level at the end of Distribution Period (in USD)	10800	1850	85	600	1900
3.	Gross Return (2) – (1) (in USD)	1400	450	-15	-100	500
4.	Percentage change (3) / (1)	14.9%	32.1%	-15.0%	-14.3%	35.7%
5.	Weighting	20%	20%	20%	20%	20%
6.	Total for each Reference Asset Constituent (4) x (5)	3.0%	6.4%	-3.0%	-2.9%	7.1%
7.	Closing Level of Reference Asset	1 + (3.0% + 6.4% - 3.0% - 2.9% + 7.1 %) =1.1060 1.1060 x 100 = 110.60				
Therefore the Closing Level of the Reference Asset at the end of Distribution Period 1 is 110.60.						

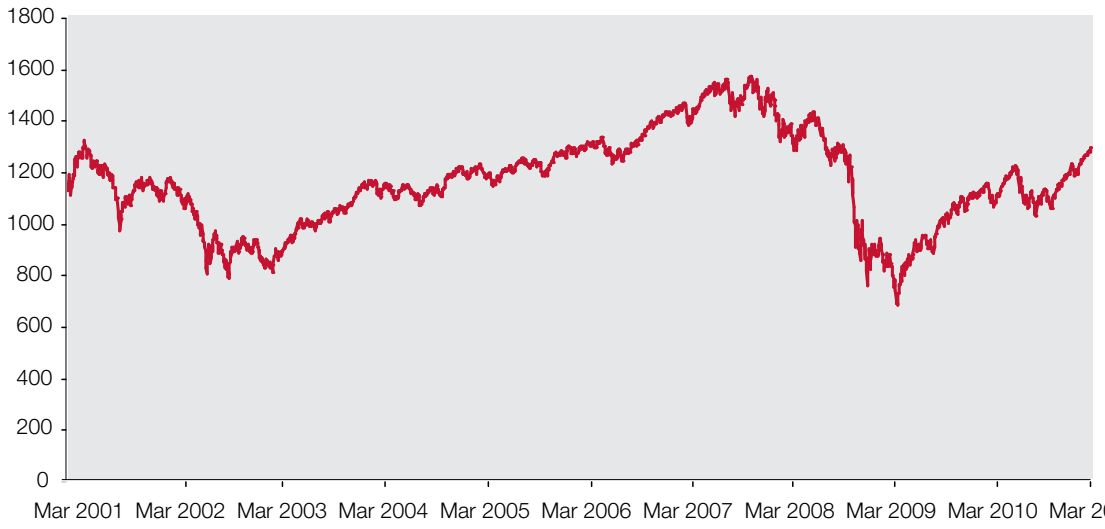
2.2.7. US Equity Classes: The S&P 500 Index

The Reference Asset for each US Equity Class is the S&P 500 Index. The index has been published since 1957 and is a float weighted index of the prices of 500 publicly held companies with large market capitalisation that are actively traded on either the New York Stock Exchange or NASDAQ. Almost all of the shares included in the index are among the 500 largest US shares by market capitalisation.

The Figure below shows the past performance of the S&P 500 Index since March 2001. As the value of the Units is dependent on other variables as well as the positive performance (if any) of the Reference Asset, as described below, this graph is not necessarily indicative of returns to Investors in a US Equity Class. In particular you should note that the performance of a US Equity Class will not necessarily correspond to the performance of the Reference Asset because:

- returns for Investors in a US Equity Class will be adjusted to take account of the relevant Term Performance Cap or Annual Performance Cap (described in Sections 2.3 and 2.4 of Part I of the PDS respectively);
- Distributions may be paid from the Fund which are not reflected in the value of a US Equity Class; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements (outlined in Section 2.6.2 of the PDS).

Figure: Historical performance of S&P 500 Index



Source: Bloomberg L.P.

Bloomberg L.P. has published this trading data and has not consented to the use of the trading data in this PDS. This graph was produced by the Issuer, not by Bloomberg (based on the trading data obtained from Bloomberg).

You should also note that past performance of the Reference Asset Constituents is not an indicator of future performance or the performance of an investment in the Fund.

2.2.8. BRIC Equity Classes: The BRIC Equity Basket

The Reference Asset for each BRIC Equity Class is an equally-weighted basket of 4 stock market indices or index tracking funds for Brazil, Russia, India and China as referred to in the Table below (each a '**Reference Asset Constituent**').

The index tracking funds are ETFs, meaning that they are investment funds that are listed and traded on stock exchanges and can be bought and sold in a similar manner to shares in a company that is listed and traded on a stock exchange.

Table: Details of the Reference Asset Constituents for BRIC Equity Classes

Reference Asset Constituent	Weight	Regional Exposure
iShares MSCI Brazil Index Fund ('**BRZ**')	25%	Brazil
Market Vectors Russia ETF ('**RSX**')	25%	Russia
S&P CNX Nifty Index ('**Nifty**')	25%	India
Hang Seng H-Share Index ETF ('**HSHSI**')	25%	China

The Reference Asset Constituents and their Weights will be fixed for the Term except in limited circumstances, such as when an extraordinary or review event occurs. See Section 4.1.3 of Part II of this PDS for more information.

The iShares MSCI Brazil Index Fund (BRZ)

The BRZ is an ETF that aims to provide investment results that track the performance of publicly traded securities on the Brazilian sharemarket as measured by the MSCI Brazil Index.

The Market Vectors Russia ETF (RSX)

The RSX seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of publicly traded companies domiciled in Russia which comprise the DAXglobal Russia+ Index.

The S&P CNX Nifty Index (Nifty)

The S&P CNX Nifty Index, a weighted average index, is the leading index for large companies on the National Stock Exchange of India Limited. It consists of 50 companies that currently represent 23 sectors of the Indian economy.

The Hang Seng H-Share Index ETF (HSHSI)

The HSHSI is an ETF established in Hong Kong. The fund's objective is to provide investment returns that match the performance of the Hang Seng China Enterprises Index ('**H-Share Index**'). The fund invests in constituent securities of the H-Share Index.

The Figure below shows the past performance of the BRIC Equity Basket since April 2007. As the value of the Units is dependent on other variables as well as the positive performance (if any) of the Reference Asset Constituents, as described below, this graph is not necessarily indicative of returns to Investors in a BRIC Equity Class. In particular you should note that the performance of a BRIC Equity Class will not necessarily correspond to the performance of the Reference Asset because:

- returns for Investors in a BRIC Equity Class will be adjusted to take account of the relevant **Share Performance Cap** (described in Section 2.3 of Part I of the PDS);
- Distributions may be paid from the Fund which are not reflected in the value of a BRIC Equity Class; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements (outlined in Section 2.6.2 of the PDS).

Share Performance Cap and returns at Maturity

For all BRIC Equity Fixed Distribution Classes, a '**Share Performance Cap**' applies to the individual performance of each Reference Asset Constituent (that is, each of the 4 indices/ETFs) and not to the performance of the whole basket, as with a Term Performance Cap. See 'How is the Closing Level of the Reference Asset calculated?' in this section.

Figure: Historical performance of BRIC Equity Basket

Source: Bloomberg L.P.

Bloomberg L.P. has published this trading data and has not consented to the use of the trading data in this PDS. This graph was produced by the Issuer, not by Bloomberg (based on the trading data obtained from Bloomberg).

You should also note that past performance of the Reference Asset Constituents is not an indicator of future performance or the performance of an investment in the Fund.

There are certain risks associated specifically with the BRIC Equity Basket. See Sections 3.6 and 3.7 of Part I of the PDS for more information.

How is the Closing Level of the Reference Asset calculated?

The Closing Level of the Reference Asset on the Swap Start Date (the '**Initial Investment Level**') is set to 100.

The Closing Level of the Reference Asset may be determined on any date (on or prior to the Maturity Date), assuming early termination has not occurred, using the following steps:

1. For each Reference Asset Constituent, determine the **Constituent Start Level**.
2. For each Reference Asset Constituent, determine the **Constituent Closing Level** on the required date.
3. For each Reference Asset Constituent, subtract the Constituent Start Level from the Constituent Closing Level. This represents the gross return on each Reference Asset Constituent.
4. For each Reference Asset Constituent, divide the result from step (3) by the Constituent Start Level. This represents the percentage change in each Reference Asset Constituent.
5. For each Reference Asset Constituent, take the lesser of the result from step (4) and the **Share Performance Cap**.
6. For each Reference Asset Constituent, multiply the result from step (5) by the relevant Weight.
7. Add together the results of step (6) for each Reference Asset Constituent.
8. Add 1 to the result of step (7), and multiply by 100.

To receive a positive return, the Closing Level of the Reference Asset on the relevant day must be higher than its level on the Swap Start Date, which is 100 for each BRIC Equity Class.

Please note that on the occurrence of a corporate event or adjustment event, the calculation of the Constituent Start Level and Constituent Closing Level for a Reference Asset Constituent may be adjusted by the Swap Counterparty. See Section 4.1.3 of Part II of the PDS for more information.

WORKED EXAMPLE OF THE CLOSING LEVEL OF THE REFERENCE ASSET FOR A BRIC EQUITY 3.5 YEAR FIXED DISTRIBUTION CLASS

For the purposes of this example, it is assumed that:

- the four Reference Asset Constituents have the values below; and
- the Share Performance Cap for the BRIC Equity 3.5 Year Fixed Distribution Class is 65%.

Steps		Reference Asset Constituents			
Assume that:		BRZ	RSX	Nifty	HSHSI
1.	Closing Level on the Swap Start Date	USD75	USD46	INR5,500	HKD120
2.	Closing Level on the Swap Valuation Date	USD135	USD52	INR5,087	HKD144
3.	Gross Return (2) – (1)	USD60	USD6	-INR413	HKD24
4.	Percentage change	80.00%	13.04%	-7.51%	20.00%
5.	Capped Level	65.00%	13.04%	-7.51%	20.00%
6.	Weighting	25%	25%	25%	25%
7.	Weighted Return	16.25%	3.26%	-1.88%	5.00%
8.	Closing Level of Reference Asset	1 + (16.25% + 3.26% - 1.88% + 5.00%) =1.2263 1.2263 x 100 = 122.63			
Therefore the Closing Level of the Reference Asset on the Swap Valuation Date is 122.63.					

- In Section 2.3.2 on page 30, **replace** the popout box with the following:

The Term Performance Cap

For an investment in a Fixed Distribution Class (other than an Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Fixed Distribution Class), a cap may be placed on the Final Investment Level of the Reference Asset, and accordingly may affect your Reference Asset Gain at Maturity. The cap is expressed as a percentage of the Initial Investment Level of the Reference Asset (the 'Term Performance Cap'). For each Fixed Distribution Class where the Gain Currency is not denominated in AUD, the Term Performance Cap (if any), affects the value of your Reference Asset Gain calculated in that Gain Currency, although the Reference Asset Gain will be paid in AUD.

The Share Performance Cap

For an investment in an Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Fixed Distribution Class, a cap may be placed on the individual performance of each Reference Asset Constituent, and accordingly may affect your Reference Asset Gain at Maturity. The cap is expressed as a percentage of the Constituent Start Level.

Indicative Term Performance Caps and Share Performance Caps for Unit Classes on Offer to Investors at any point in time are available on the Flexi Website.

The actual Term Performance Caps and Share Performance Caps will be determined on or before the Swap Start Date and listed on the Flexi Website. These could be lower than the indicative Term Performance Caps and Share Performance Caps depending on market conditions at that time, in particular, the level and volatility of the relevant Reference Asset and the level of interest rates. However, Units in a Unit Class will be withdrawn if the Term Performance Cap or Share Performance Cap for the relevant Unit Class is not at least equal to the Minimum Performance Cap as stated on the Flexi Website. In such an instance:

- your Units in that Unit Class will be redeemed for AUD1.00 per Unit; and
- any Loans will be terminated and prepaid interest and any Loan fees fully refunded.

A Fixed Distribution Class that is not an Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Fixed Distribution Class may not have an indicative Term Performance Cap; that is, it is expected that no cap will be placed on the Final Investment Level of the Reference Asset. As noted above, this will not be confirmed until the applicable Swap Start Date, meaning that a Term Performance Cap may apply for these Unit Classes. However, the cap will not be less than the relevant Minimum Performance Cap for that Unit Class as stated on the Flexi Website.

The Hurdle

For an investment in a Fixed Distribution Class, your Reference Asset Gain at Maturity will broadly represent any increase in the value of the Reference Asset over the Hurdle (subject to the relevant Term Performance Cap or Share Performance Cap). The Hurdle is the amount paid to Investors in fixed Distributions throughout the Term. Hurdles for the Fixed Distribution Classes on Offer to Investors at any point in time are available on the Flexi Website.

In Section 2.3.2 on page 31, **replace** the first five paragraphs with the following:

'Reference Asset Gain

Your Reference Asset Gain represents any increase in the Reference Asset from the Swap Start Date to the Swap Valuation Date, in excess of the Hurdle, subject to the Term Performance Cap (if any).

For an Australian Equity Fixed Distribution Class, which is denominated in AUD, your Reference Asset Gain is calculated as the greater of:

(a) zero; and

(b) $\frac{\text{Final Investment Level – Hurdle}}{\text{Initial Investment Level}} \times \text{Investment Amount}$

For an Australian Equity Focus Fixed Distribution Class, which is also denominated in AUD, your Reference Asset Gain is calculated as the greater of:

(a) zero; and

(b) $\frac{\text{Final Investment Level – Hurdle}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times 150\%$

For an Australian Concentrated Equity Fixed Distribution Class, which is also denominated in AUD, your Reference Asset Gain is calculated as the greater of:

(a) zero; and

(b) $\frac{\text{Final Investment Level – Hurdle}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times 125\%$

For a Fixed Distribution Class denominated in a Gain Currency other than AUD, your Reference Asset Gain is calculated as the greater of:

(a) zero; and

(b) $\frac{\text{Final Investment Level – Hurdle}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times \frac{\text{Initial Exchange Rate}}{\text{Closing Exchange Rate}}$

where:

Initial Investment Level is the Closing Level of the Reference Asset at the Swap Start Date;

Final Investment Level is:

(a) for Fixed Distribution Classes that are not Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Classes, the **lesser** of:

i) the Closing Level of the Reference Asset at the Swap Valuation Date; and

ii) Initial Investment Level + (Initial Investment Level x the Term Performance Cap); and

(b) for any Australian Equity Focus, Australian Concentrated Equity or BRIC Equity Fixed Distribution Class, the Closing Level of the Reference Asset at the Swap Valuation Date.'

- **Replace** footnote 32 on page 33 with the following:

  '32. For any Asia Long Short Class, Asian Equity Class or BRIC Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Sections 5.3.10, 5.3.11 and 5.3.12 of Part I for more details.'

- **Replace** footnote 34 on page 33 with the following:

  '34. For any Asia Long Short Class, Asian Equity Class or BRIC Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Sections 5.3.10, 5.3.11 and 5.3.12 of Part I for more details.'

- **Replace** footnote 35 on page 36 with the following:

  '35. For any Asia Long Short Class, Asian Equity Class or BRIC Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Sections 5.3.10, 5.3.11 and 5.3.12 of Part I for more details.'

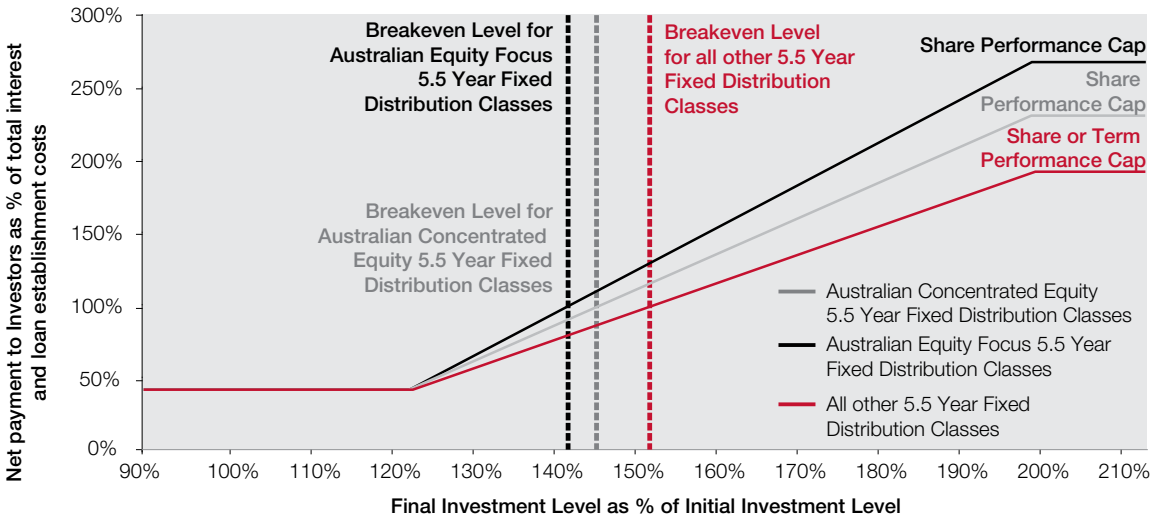
- In Section 2.6.2 on page 37, **replace** the third and fourth bullet points with the following:

  - underlying AUD (for an Australian Equity Class, Australian Equity Focus Class, Australian Concentrated Equity Class or Commodities Select Class) or USD (for an Asia Long Short Class, Asian Equity Class, US Equity Class or BRIC Equity Class) interest rates at the time – generally, the higher the level of underlying interest rates, the higher the value of your Units. And conversely, the lower the level of underlying interest rates, the lower the value of your Units;
  - for an Asia Long Short Class, Asian Equity Class, US Equity Class or BRIC Equity Class, the AUD:USD foreign exchange rates at the time – generally, the higher the level of the AUD:USD foreign exchange rate (i.e. a strengthening in AUD compared with USD), the lower the value of your Units. And conversely, the lower the level of the AUD:USD foreign exchange rate (i.e. a weakening in AUD compared with USD), the higher the value of your Units.'

- **Replace** Sections 2.7.1 and 2.7.2 with the following:

2.7.1. 5.5 Year Fixed Distribution Classes

Figure 6: Breakeven analysis for 5.5 Year Fixed Distribution Classes^



^ Chart is for a Limited Recourse Investment Loan and assumes a Term Performance Cap or Share Performance Cap (as applicable) of 100%. This may differ from the applicable Term and Share Performance Caps. Note that some or all of the 5.5 Year Fixed

Limited Recourse Investment Loan

If you borrow using a Limited Recourse Investment Loan, the total interest paid over the Term of 5.5 years is equal to 50% of your Investment Amount (excluding any Interest Loan).

To breakeven (based on the assumptions listed above) the Reference Asset must have a Final Investment Level of at least 142% of the Initial Investment Level for a 5.5 Year Australian Equity Focus Class, 146% of the Initial Investment Level for a 5.5 Year Australian Concentrated Equity Class and at least 152% of the Initial Investment Level for all other Fixed Distribution Classes. For the Final Investment Level to be at least 142%, 146% and 152% of the Initial Investment Level the required average annual increases in the value of the Reference Asset are shown in Table 10 below. Anything above this level of return will be a positive return to you.

Full Recourse Investment Loan

Similarly, if you borrow to invest using the Full Recourse Investment Loan, and assuming that the Full Recourse Investment Loan interest rate is 8.85%pa (being the indicative Full Recourse Investment Loan interest rate as at the date of this PDS) and is constant over the Term, and using other assumptions listed above, the total interest payable over the Term is 49% of your Investment Amount.

To breakeven, the Reference Asset must have a Final Investment Level of at least 141% of the Initial Investment Level for a 5.5 Year Australian Equity Focus Class, at least 145% of the Initial Investment Level for a 5.5 Year Australian Concentrated Equity Class and at least 151% of the Initial Investment Level for all other Fixed Distribution Classes. For the Final Investment Level to be at least 141%, 145% and 151% of the Initial Investment Level respectively, the required average annual increases in the value of the Reference Asset are shown in Table 10 below. Anything above this level of return will be a positive return to you.

Table 10: Average annual increases in the Reference Asset over the Term required to break even for 5.5 Year Fixed Distribution Classes^

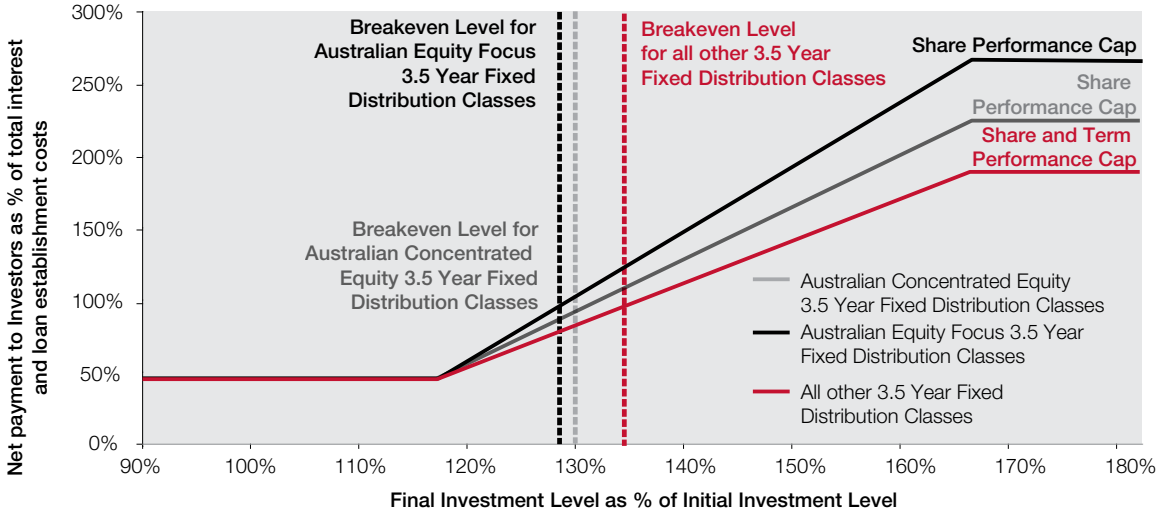
	Limited Recourse Investment Loan	Full Recourse Investment Loan
5.5 Year Fixed Distribution Classes (except 5.5 Year Australian Equity Focus and Australian Concentrated Equity Classes)	7.9%pa	7.7%pa
5.5 Year Australian Equity Focus Classes	6.6%pa	6.5%pa
5.5 Year Australian Concentrated Equity Classes	7.1%pa	7.0%pa

^ Annually compounding return over the Term, ignoring tax and the time value of money

Note the minimum payment to an Investor over the Term is assumed to be 22% of the Investment Amount, payable in Distributions at the end of each year of the Term and at Maturity. Figure 6 shows how the net payments to you over the Term to Maturity would vary in line with the level of the Reference Asset at Maturity, based on the above assumptions.

2.7.2. 3.5 Year Fixed Distribution Classes

Figure 7: Breakeven analysis for a 3.5 Year Fixed Distribution Class^



^ Chart is for a Limited Recourse Investment Loan and assumes a Term Performance Cap or Share Performance Cap (as applicable) of 65%. This may differ from the applicable Term or Share Performance Cap. Note that some or all of the 3.5 Year Fixed Distribution Classes may be uncapped.

Limited Recourse Investment Loan

If you borrow using a Limited Recourse Investment Loan, the total interest paid over the Term of 3.5 years is equal to 32% of your Investment Amount (excluding any Interest Loan).

To breakeven (based on the assumptions listed above) the Reference Asset must have a Final Investment Level of at least 128% of the Initial Investment Level for a 3.5 Year Australian Equity Focus Class, at least 130% of the Initial Investment Level for a 3.5 Year Australian Concentrated Equity Class and at least 134% of the Initial Investment Level for all other 3.5 Year Fixed Distribution Classes. For the Final Investment Level to be at least 128%, 130% and 134% of the Initial Investment Level, the required average annual increases in the value of the Reference Asset are shown in Table 11 below.

Full Recourse Investment Loan

Similarly, if you borrow to invest using the Full Recourse Investment Loan, and assuming that the Full Recourse Investment Loan interest rate is 8.85%pa (being the indicative Full Recourse Investment Loan interest rate as at the date of this PDS) and is constant over the Term, and using other assumptions listed above, the total interest payable over the Term is 31% of your Investment Amount.

To breakeven, the Reference Asset must have a Final Investment Level of at least 127% of the Initial Investment Level for a 3.5 Year Australian Equity Focus Class, at least 130% of the Initial Investment Level for a 3.5 Year Australian Concentrated Equity Class and at least 133% of the Initial Investment Level for all other Fixed Distribution Classes. For the Final Investment Level to be at least 127%, 130% and 133% of the Initial Investment Level, the required average annual increases in the value of the Reference Asset are shown in Table 11 below.

Table 11: Average annual increases in the Reference Asset over the Term required to break even for 3.5 Year Fixed Distribution Classes^

	Limited Recourse Investment Loan	Full Recourse Investment Loan
3.5 Year Fixed Distribution Classes (except 5.5 Year Australian Equity Focus and Australian Concentrated Equity Classes)	8.7%pa	8.5%pa
3.5 Year Australian Equity Focus Classes	7.3%pa	7.2%pa
3.5 Year Australian Concentrated Equity Classes	7.9%pa	7.7%pa

^ Annually compounding return over the Term, ignoring tax and the time value of money.

Note the minimum payment to an Investor over the Term is assumed to be 16.25% of the Investment Amount, payable in Distributions at the end of each year of the Term and at Maturity. Figure 7 shows how the net payments to you over the Term to Maturity would vary in line with the level of the Reference Asset at Maturity, based on the above assumptions.

Changes to Section 5 of Part I 'Fees and Costs'

- On page 59, **insert** the following after Section 5.3.11:

5.3.12. Fees specific to BRIC Equity Classes

For Investors in BRIC Equity Classes, there are fees and costs associated with the management of the ETFs that comprise the Reference Asset, i.e. the BRZ, RDX and HSHSI. Although these fees are not charged from the assets of the Fund, they are relevant to determining the amount payable by the Swap Counterparty at the end of each Distribution Period of the Term or on early termination of the Investment Linked Swap Agreements and, accordingly, are reflected in the value of BRIC Equity Classes throughout the Term. The table below outlines these fees and costs.

Table: Fees associated with the Reference Asset ETFs for BRIC Equity Classes

Type of fee or cost	Description	How and when paid
Management fee	The Underlying Fund Managers will be entitled to receive a management fee based on the net asset value of the shares of the ETFs which BRIC Equity Classes are exposed to plus all out-of-pocket expenses relating to the management of the ETFs incurred by the Underlying Fund Managers.	For BRIC Equity Classes, these will represent approximately 0.445%pa*
Trustee fee	The Trustees of the ETFs may receive a trustee fee based on the net asset value of the share of the ETFs which BRIC Equity Classes are exposed to.	For BRIC Equity Classes, these will represent approximately 0.0125%pa*
Performance fee	Performance fees are not paid.	Not applicable.
Administration fees	The administrators of the ETFs will be paid a service fee at commercial rates agreed with the directors of the ETFs from time to time. In addition, the administrators are entitled to recover out-of-pocket expenses in performing their services together with certain transaction costs.	From time to time as agreed between the administrators and the directors of the ETFs.
Prime brokerage fees	The prime brokers will be entitled to interest on any advances which they make to the ETFs and such other fees as may be agreed in relation to any other facilities the prime brokers make available to the ETFs.	Payable from time to time as incurred by the ETFs.

* Figures based on fees disclosed in current ETF offer documents as at 25 March 2011.

Changes to Section 7 of Part I 'Index Disclaimers'

- **Replace** Section 7.1 on page 72 with the following:

7.1. STANDARD AND POOR'S

The Macquarie Flexi 100 Trust is not sponsored, endorsed, sold or promoted by Standard & Poor's (**S&P**) or its third party licensors. Neither S&P nor its third party licensors makes any representation or warranty, express or implied, to the owners of the Macquarie Flexi 100 Trust or any member of the public regarding the advisability of investing in securities generally or in the Macquarie Flexi 100 Trust particularly or the ability of the S&P/ASX 200 Index and S&P 500 Index (each an **Index**) to track general stock market performance. S&P's and its third party licensor's only relationship to MFPML is the licensing of certain trademarks and trade names of S&P and the third party licensors and of the Index which is determined, composed and calculated by S&P or its third party licensors without regard to MFPML or Macquarie Flexi 100 Trust. S&P and its third party licensors have no obligation to take the needs of MFPML or the owners of the Macquarie Flexi 100 Trust into consideration in determining, composing or calculating the Index. Neither S&P nor its third party licensors is responsible for and has not participated in the determination of the prices and amount of the Macquarie Flexi 100 Trust or the timing of the issuance or sale of the Macquarie Flexi 100 Trust or in the determination or calculation of the equation by which the Macquarie Flexi 100 Trust is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Macquarie Flexi 100 Trust.

NEITHER S&P, ITS AFFILIATES NOR THEIR THIRD PARTY LICENSORS GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P, ITS AFFILIATES AND THEIR THIRD PARTY LICENSORS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MARKS, THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P, ITS AFFILIATES OR THEIR THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

The S&P/ASX 200 Index and S&P 500 Index are trademarks of Standard & Poor's and have been licensed for use by MFPML. The ASX is a trademark of the Australian Securities Exchange Limited and has been licensed for use by S&P.

- **Insert** the following after Section 7.3 on page 74:

7.4. INDIA INDEX SERVICES & PRODUCTS LIMITED AND STANDARD AND POOR'S

The Macquarie Flexi 100 Trust is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (**IISL**) or Standard & Poor's Financial Services LLC (**S&P**). Neither IISL nor S&P makes any representation or warranty, express or implied, to the owners of the Macquarie Flexi 100 Trust or any member of the public regarding the advisability of investing in securities generally or in the Macquarie Flexi 100 Trust particularly or the ability of the S&P CNX Nifty Index to track general stock market performance in India. The relationship of S&P and IISL to License is only in respect of the licensing of certain trademarks and trade names of their Index which is determined, composed and calculated by IISL without regard to the Licensee or the Macquarie Flexi 100 Trust. Neither S&P nor IISL has any obligation to take the needs of MFPML or the owners of the Macquarie Flexi 100 Trust into consideration in determining, composing or calculating the S&P CNX Nifty Index. Neither S&P nor IISL is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Macquarie Flexi 100 Trust to be issued or in the determination or calculation of the equation by which the Macquarie Flexi 100 Trust is to be converted into cash. Neither IISL nor S&P has any obligation or liability in connection with the administration, marketing or trading of the Macquarie Flexi 100 Trust.

S&P and IISL do not guarantee the accuracy and/or completeness of the S&P CNX Nifty Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. Neither S&P nor IISL makes any warranty, express or implied, as to results obtained by Licensee, owners of the Product(s), or any other person or entity from the use of the S&P CNX Nifty Index or any data included therein. IISL and S&P make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, IISL and S&P expressly disclaim and any and all liability for any damages or losses arising out of or related to the Product(s), including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

Changes to Section 3 of Part II 'Additional information'

- **Insert** the following at the end of Section 3.4 on page 88:

Merrill Lynch International

Merrill Lynch International has given and has not, before the issue of the PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

Changes to Section 4 of Part II 'Summary of material contracts'

- In Section 4.1.1 on page 90, **replace** 'Asia Long Short Classes and Asian Equity Classes' with 'Asia Long Short, Asian Equity and BRIC Equity Classes'.
- In Section 4.1.3 on page 91, **replace** all references to 'Australian Equity Focus Classes' with 'Australian Equity Focus Classes and Australian Concentrated Equity Classes', and **replace** all references to 'Australian Equity Focus Basket' with 'Australian Equity Focus Basket and Australian Concentrated Equity Basket'.

Part 2: Updates relating to key risks arising from new Investment Opportunities

Changes to Introduction Section

- On page 4, **replace** the sub-section titled 'Key risks' with the following:

Key risks

If you invest in the Fund, you will be taking on a number of risks including:

- **Reference Asset risk** – the risk that the Reference Asset relevant to a Unit Class does not perform well, including as a result of recent increased equity market uncertainty and the global economic downturn. Recent high levels of volatility in equity markets increase this risk
- **Borrowing to invest** – there is a material risk that the total value of your returns at Maturity (if any) and Distributions paid throughout the Term will be less than your total interest payments and other costs. If this occurs you will have lost money on your investment at Maturity
- **Creditworthiness of the Counterparties** – the risk that the Counterparties to the agreements through which the Fund gains its exposure to the Reference Assets (the Swap Counterparty and Collateral Counterparty) do not meet their obligations
- **Early termination risk** – your exposure to the Reference Asset may be terminated early in a number of circumstances outlined in Section 4.1 of Part II of this PDS such as a material change in the Swap Counterparty's cost of hedging or ability to hedge its exposure, a change in the liquidity of the Reference Asset or a change in law (amongst other factors). In such circumstances, the Swap Counterparty may seek to terminate the Swap Agreement early. If this occurs you will be required to repay your Investment Loan and any Interest Loan (together with any break costs), your Units will be redeemed, you will no longer have exposure to the Reference Asset or an entitlement to any further Distributions and you will not receive a refund of any prepaid interest
- **Currency risk** – For any Asia Long Short Class, Asian Equity Class, US Equity Class and BRIC Equity Class, the risk that movements in the AUD:USD foreign exchange rate will adversely affect the return from your Units throughout the Term
- **Interest deductibility** – the Australian Tax Office (**ATO**) may adopt a position leading to the denial of part or all of your tax deductions for some or all of your interest expenses in relation to your investment.

As well as the risks of this particular product, you should also consider how an investment in this product fits into your overall portfolio. Diversification of your investment portfolio can be used as part of your overall portfolio risk management strategy and may help limit your exposure to failure or underperformance of any one investment, manager or asset class.

Your investment is subject to additional risks. Accordingly, before investing in the Fund and taking out a Loan you should consider carefully the risks outlined in Section 3 of Part I "Risks", and Section 2 of Part II "General risks you should consider" as these may affect your decision to invest.

Changes to Section 3 of Part I 'Risks'

In addition to the new and amended risks below, Investors are reminded to consider all relevant risks set out in the PDS.

- **Replace** Section 3.4 on page 45 with the following:

3.4. KEY RISKS SPECIFIC TO AN INVESTMENT IN THE AUSTRALIAN EQUITY FOCUS OR AUSTRALIAN CONCENTRATED EQUITY CLASSES

3.4.1. Fixed investment risk

The Reference Assets for both the Australian Equity Focus and Australian Concentrated Equity Classes are fixed baskets that are not actively managed. This means that the composition of these Reference Assets will not change over the Term, except in limited circumstances such as a corporate event or an adjustment event as outlined in Section 4.1.3 of Part II of this PDS. Accordingly, a Reference Asset Constituent that performs poorly will not be replaced on the basis of poor performance. In these circumstances, performance of the Reference Asset may be adversely affected. See the worked examples in Sections 2.2.2 and 2.2.5 of Part I of the PDS for more information.

3.4.2. Individual share performance capping

As described in Sections 2.2.2 and 2.2.5 of Part I of the PDS, the Share Performance Cap applies to the individual performance of each Reference Asset Constituent of the Australian Equity Focus and Australian Concentrated Equity Classes, and not to the performance of the whole basket. This means that the performance of the basket may be lower, and will not be higher, than the performance of the same basket where the Share Performance Cap applied to the whole basket rather than to individual stocks.

3.4.3. Concentration risk

The Reference Assets for the Australian Equity Focus Classes and Australian Concentrated Equity Classes provide Investors with exposure to 20 and 13 shares respectively that are listed on the ASX. As a result, the performance of each Reference Asset will be based on the performance of a very small number of shares compared with a broad market index such as the S&P/ASX 100 Index. This means that the poor performance of one Reference Asset Constituent will have a greater effect on the Reference Asset's overall performance than the effect of one poorly performing share in a broad market index.

- **Replace** Section 3.6 on page 48 with the following:

'3.6. KEY RISK SPECIFIC TO AN INVESTMENT IN ASIA LONG SHORT, ASIAN EQUITY, US EQUITY OR BRIC CLASSES – FOREIGN EXCHANGE RISK

For an investment in Asia Long Short Classes, Asian Equity Classes, US Equity Classes or BRIC Equity Classes, movements in the AUD:USD exchange rate will affect the AUD value of the Distributions or Reference Asset Gain you become entitled to (if any) at the end of each Distribution Period or at Maturity. This currency movement will also affect any payment you are entitled to receive if you exercise the Walk-Away feature prior to Maturity.'

- **Replace** Section 3.7 on page 48 with the following:

3.7. KEY RISK SPECIFIC TO AN INVESTMENT IN ASIA LONG SHORT, ASIAN EQUITY AND BRIC CLASSES – EMERGING MARKETS

Asia Long Short Classes (which have exposure to the MQ Asia Long Short Fund) will primarily employ or have exposure to strategies which focus on markets within Asia. Asian Equity Classes are exposed to equity markets in China, Hong Kong, Taiwan, South Korea and Singapore. BRIC Equity Classes are exposed to equity markets in Brazil, Russia, India and China.

Many markets within these regions are relatively immature and under-developed. There are significant risks associated with investing in such markets, including (without limitation) liquidity risks, the potential for capital flight, political risks, fraud and corruption, credit risk and increased transaction costs arising from factors such as exchange controls, restrictions on foreign investment and restrictions on the repatriation of capital.

Certain Asian, Latin American and Eastern European countries have historically experienced high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties, extreme poverty and unemployment. Countries within these regions may experience one or more of these conditions in the future. Governments within these countries may not be able to meet debt servicing obligations, to which Asia Long Short Classes, Asian Equity Classes and BRIC Equity Classes may be exposed.

The legal and regulatory environment within the region is relatively diverse, and in some countries, under-developed, and may not provide adequate investor protection.

The level of corporate governance and accounting and financial reporting requirements may also be deficient. In some countries within the region, market infrastructure and technology is not as well developed as in Western countries which may increase the transaction costs of the MQ Asia Long Short Fund or compound any losses.

There is a possibility in certain Asian, Latin American and Eastern European countries of nationalisation, expropriation of assets, confiscatory taxation, political changes, governmental regulation, and social instability or diplomatic developments (including war) which could adversely affect the economies of these countries, and the value or returns on your Units.

- In Section 3.8 on page 49:
  - **replace** all references to 'Asian Equity Class(es)' with 'Asian Equity and BRIC Equity Class(es)';
  - **replace** the reference to 'TFHK and HSHSI' with 'TFHK, HSHSI, BRZ and RSX'.
- On page 49, **insert** the following after Section 3.9:

3.10. KEY RISK SPECIFIC TO AN INVESTMENT IN THE AUSTRALIAN CONCENTRATED EQUITY CLASSES

3.10.1. Sector risk

The Australian Concentrated Equity Basket provides exposure primarily to the financial, mining and energy sectors. As a result, the performance of the Reference Asset will be based on the performance of a limited number of industry sectors compared with the broader Australian sharemarket. This means that the poor performance of the financial, mining or energy sectors will have a greater effect on the Reference Asset's overall performance than the effect of one poorly performing sector in a broad market index such as the S&P/ASX 100 Index.

3.11. KEY RISKS SPECIFIC TO AN INVESTMENT IN THE COMMODITIES SELECT CLASSES

3.11.1. Commodity Sector risk

Because the Commodities Select Portfolio will be concentrated in the commodities market, it may be subject to more dramatic changes in value, including over a short period of time, than would be the case if the Reference Asset was widely diversified among sectors, regions, and countries. Commodities, especially investments in individual commodities, may experience high volatility, meaning the significantly poor performance of one Reference Asset Constituent would have a materially adverse effect on the performance of the Reference Asset as a whole. An Investor in a Commodities Select Class must be prepared to accept the risk of high volatility.

3.11.2. Concentration risk

The Reference Asset for the Commodities Select Classes provide Investors with exposure to five commodities. As a result, the performance of the Reference Asset will be based on the performance of a very small number of commodities. This means that the poor performance of one Reference Asset Constituent will have a greater effect on the Reference Asset's overall performance than the effect of one poorly performing commodity in a basket with a greater number of commodities.

As the composition of the Reference Asset may vary from one Distribution Period to another, the correlation between each of the Reference Asset Constituents will also vary. This means that the Reference Asset's concentration could vary from one Distribution Period to another.

3.11.3. Commodity selection risk

The Reference Asset Constituents comprising the Commodities Select Portfolio will be reviewed and reset annually in accordance with the criteria in Section 2.2.6 of Part I of the PDS. There is a risk that the basket composition for a particular Distribution Period will underperform compared to a broadly diversified commodities portfolio, and therefore that the return (if any) from your investment is lower than if you had exposure to that broadly diversified portfolio.

3.11.4. Fixed investment risk

The Commodities Select Portfolio will remain fixed during each Distribution Period and will not be actively managed or rebalanced during this period. This means that the Commodities Select Portfolio will not change during each Distribution Period except in limited circumstances described in section 4.1 of Part II of this PDS. Accordingly, the Responsibly Entity is not able to remove or replace a Reference Asset Constituent that performs poorly during a Distribution Period. In these circumstances, performance of the Reference Asset may be adversely affected. See the worked example in Section 2.2.6 of Part I of this PDS for more information.

3.11.5. Annual review of Commodities Select Portfolio

The Reference Asset Constituents for the Commodities Select Portfolio are only fixed for each year of the Term, and are likely to change from one year of the Term to the next in accordance with Section 2.2.6 of Part I of the PDS . Accordingly, when you invest in a Commodities Select Portfolio, the Reference Asset Constituents in the second and third Distribution Periods may be different from those comprising the portfolio in the first Distribution Period.

3.12. KEY RISKS SPECIFIC TO AN INVESTMENT IN THE BRIC EQUITY CLASSES

3.12.1. Individual constituent performance capping

As described in Section 2.2.8 of Part I of the PDS, the Share Performance Cap applies to the individual performance of each Reference Asset Constituent of the BRIC Equity Basket, and not to the performance of the whole basket. This means that the performance of the portfolio may be lower, and will not be higher, than the performance of the same portfolio where the Share Performance Cap applied to the whole portfolio rather than to individual stocks.

Part 3: Updates relating to new Distribution payment option

Changes to Introduction Section

- On page 3, under the 'Potential benefits' sub-heading, **replace** the fourth bullet point with the following:

  '**– Potential income over the Term:** Investors in a Fixed Distribution Class will be entitled to a fixed annual Distribution throughout the Term. Investors in a Variable Distribution Class may be entitled to an annual Distribution based on the positive performance (if any) of the Reference Asset during that Distribution Period. Unless you elect otherwise in your Application Form, during the Term, Distributions will be automatically applied to pay the amounts owing by you to the Loan Provider under your Loan (such as interest payable on your Investment Loan for the next Interest Period), so you may not receive any Distribution as a cash payment. You will have to pay any tax payable on your Distributions from your own resources'

- On page 4, **replace** footnote 7 with the following:

'7. Unless you elect otherwise in your Application Form, any Distributions will be applied to pay your required interest payment for the next Interest Period so you will only receive a cash payment if the amount of the Distribution is greater than the interest payment.'

Changes to Section 1 of Part I 'Investment Summary'

- In Section 1.2(d) on page 10, **replace** the last two paragraphs with the following:

  'Unless you elect otherwise in your Application Form, any Distributions that you become entitled to at the end of any year or Distribution Period during the Term of your Investment will be automatically applied to pay amounts payable by you to the Loan Provider under your Loan (such as interest payable on your Investment Loan for the next Interest Period).

  This means that Investors in a Fixed Distribution Class will not receive any Distributions as a cash payment (except for the Distributions at Maturity).[14] Investors in a Variable Distribution Class may receive a partial cash payment of their Distribution if their Distribution amount is more than interest payable on the Investment Loan for the next Interest Period.

  However, if you do not have an Interest Loan, you may elect in your Application Form not to apply any Distributions automatically in this way and instead have any such Distributions paid directly to your Nominated Account within 60 days of the relevant Distribution Date.

  This means that the full amount of your Investment Loan interest obligation will be debited from your Nominated Account on each Interest Payment Date, which is before the date on which any Distributions would be paid to you.'

- In Section 1.3(a) on page 12, **replace** the third last paragraph with the following:

  'Interest on the Investment Loan is payable annually in advance, with the first payment date on the relevant Unit Issue Date. Unless you elect otherwise in your Application Form, for each subsequent Interest Period of your investment (except if you exercise the Walk-Away feature), any Distributions that you become entitled to will be automatically applied to pay amounts payable by you to the Loan Provider under a Loan (such as interest payable on your Investment Loan for the next Interest Period).

  However, if you do not have an Interest Loan, you may elect in your Application Form to receive your Distributions directly, and they will not be automatically applied to any amounts you owe to the Loan Provider. This means that the full amount of your Investment Loan interest obligation will be debited from your Nominated Account on each Interest Payment Date, which is before the date on which any Distributions would be paid to you.'

Changes to Section 2 of Part I 'Investment options'

- In Section 2.3.1 on page 29, **replace** the last paragraph with the following:

  'Unless you elect otherwise in your Application Form, any Distributions that you become entitled to at the end of any year during the Term of your Investment will be automatically applied to pay amounts payable by you to the Loan Provider (such as the interest payable on your Investment Loan for the following Interest Period). If the amount of a Distribution for a year that is applied to make such payments on your Loans is less than the amount payable by you to the Loan Provider, then the balance must be paid by you. See Section 4.1.3 Part I "Interest on the Investment Loan" for more information.

  However, if you do not have an Interest Loan, you may elect in your Application Form not to apply any Distributions automatically in this way and instead have any such Distributions paid directly to your Nominated Account within 60 days of the relevant Distribution Date.'

- In Section 2.4.1 on page 34, **replace** the second paragraph on that page with the following:

  'Unless you elect otherwise in your Application Form, any Distributions that you become entitled to at the end of any Distribution Period during the Term of your Investment will be automatically applied to pay amounts payable by you to the Loan Provider under a Loan (such as the interest payable on your Investment Loan for the following Interest Period). If the amount of the Distribution for a Distribution Period is less than the amounts of interest payable on your Investment Loan for the following Interest Period, then the balance of any interest payable on your Investment Loan after the application of the Distribution must be paid by you. See Section 4.1.3 Part I "Interest on the Investment Loan" for more information.

  However, if you do not have an Interest Loan, you may elect in your Application Form not to apply any Distributions automatically in this way and instead have any such Distributions paid directly to your Nominated Account within 60 days of the relevant Distribution Date.

  For further information in relation to interest payments on the Loans, See Section 4.1.3 of Part I of the PDS.'

Changes to Section 4 of Part I 'The Loans'

- In Section 4.1.3 on page 51:
  - **replace** the fifth paragraph with the following:

    'Except where you exercise the Walk-Away feature and unless you elect otherwise in your Application Form, any Distributions that you become entitled to at the end of any year during the Term of your Investment will be automatically applied to pay any amounts payable by you to the Loan Provider under your Loan (such as the interest payable on your Investment Loan for the next Interest Period).'

  - **insert** the following after the popout box:

    'However, if you do not have an Interest Loan and have elected in your Application Form to have any Distributions (if applicable) paid directly to you, the full amount of your Investment Loan interest obligation will be debited from your Nominated Account on each Interest Payment Date. This debit will be before the date on which any Distributions would be paid to you. In this situation, your Distributions will be paid to your Nominated Account within 60 days of the Relevant Distribution Date.

    Example:

    If you are invested in an Australian Equity 5.5 Year Fixed Distribution Class and as at the first anniversary of the Unit Issue Date you are entitled to receive the annual fixed Distribution, and the Loan Provider determines the Interest Rate on your Limited Recourse Investment Loan for the next Interest Period to be 9.10% (the indicative rate for the Limited Recourse Investment Loan as at the date of this PDS), the full interest amount of 9.10% will be paid out of your own funds on the Interest Payment Date, with the Distribution of 4.0% paid to your Nominated Account within 60 days of the Distribution Date (i.e. after your interest amount is due).

Part 4: Changes to Glossary terms

Changes to Section 8 of Part I 'Glossary'

- **Replace** existing defined terms with the following definitions:

Term	Definition
Closing Level	For any Australian Equity, US Equity or Asia Long Short Class, the closing price or level of the relevant Reference Asset on a particular date as published on the Relevant Exchange or Index Sponsor or any other exchange or Index Sponsor that Macquarie deems relevant. For any Australian Equity Focus, Australian Concentrated Equity, Asian Equity, Commodities Select or BRIC Equity Class, is equal to 100 on the Swap Start Date, and on any day during the Term up to and including Maturity, calculated in accordance with the examples in Sections 2.2.2, 2.2.4, 2.2.5, 2.2.6 and 2.2.8 of Part I of this PDS.
Indices	The Kospi 200, TWY, SGY or Nifty, as the context requires.
Investment Opportunity	Any of the following categories of exposure provided by a Unit Class: (a) Australian Equity; (b) Australian Equity Focus; (c) Australian Concentrated Equity; (d) Asia Long Short; (e) Asian Equity; (f) Commodities Select; (g) US Equity; and (h) BRIC Equity.
Reference Asset	For the Australian Equity Classes, the S&P/ASX 200. For the Australian Equity Focus Classes, the Australian Equity Focus Basket. For the Australian Concentrated Equity Classes, the Australian Concentrated Equity Basket. For the Asia Long Short Classes, the MQ Asia Long Short Fund. For the Asian Equity Classes, 20% TFHK, 20% HSHSI, 20% TWY, 20% Kospi 200 and 20% SGY. For the Commodities Select Classes, the Commodities Select Portfolio. For the US Equity Classes, the S&P 500 Index. For the BRIC Equity Classes, 25% BRZ, 25% RSX, 25% Nifty and 25%HSHSI.

Reference Asset Constituent	For the Australian Equity Focus Classes, each of the shares identified as being part of the Australian Equity Focus Basket. For the Australian Concentrated Equity Classes, each of the shares identified as being part of the Australian Concentrated Equity Basket. For the Asian Equity Classes, each of the Indices/Index tracking ETFs, being the TFHK, HSHSI, Kospi 200, TWY and SGY. For the Commodities Select Classes, each of the commodities identified as being part of the Commodities Select Portfolio for the relevant Distribution Period. For the BRIC Equity Classes, each of the Indices/Index tracking ETFs, being the BRZ, RSX, Nifty and HSHSI.
Share Performance Cap	For each Australian Equity Focus, Australian Concentrated Equity and BRIC Equity Fixed Distribution Class, the cap that will be applied to the Constituent Closing Level of each Reference Asset Constituent. The cap is expressed as a percentage of the Constituent Start Level.
Underlying Fund Manager	The investment manager of: (a) the MQ Asia Long Short Fund, currently MQ Specialist Investment Management Limited; (b) the TFHK; (c) the HSHSI; (d) the BRZ; or (e) the RSX, as the context requires, and **Underlying Fund Managers** is to have a corresponding meaning.
Weight	The weighting factor of a particular Reference Asset Constituent in determining the Closing Levels and Reference Asset Levels of the Reference Assets for the Australian Equity Focus Classes, Australian Concentrated Equity Classes, Asian Equity, Commodities Select and BRIC Equity Classes.

- **Insert** the following new defined terms:

Term	Definition
Australian Concentrated Equity Basket	The basket of 13 shares with large market capitalisation listed on the ASX as at the date of the Supplementary PDS and listed in Section 2.2.5 of Part I of this PDS.
Australian Concentrated Equity Classes	The Unit Classes that may be offered to Investors with the Australian Concentrated Equity Basket as a Reference Asset and a Gain Currency in AUD, and **Australian Concentrated Equity Class** is to have a corresponding meaning.
BRIC Equity Basket	The equally-weighted basket of 4 Indices/ETFs, being the BRZ, RSX, Nifty and HSHSI.
BRIC Equity Classes	The Unit Classes that may be offered to Investors with the BRIC Equity Basket as a Reference Asset and a Gain Currency in USD, and **BRIC Equity Class** is to have a corresponding meaning.
BRZ	The iShares MSCI Brazil Index Fund.
Commodities Select Portfolio	The equally-weighted basket of 5 commodities as described in Section 2.2.6 of Part I of the PDS.
Commodities Select Classes	The Unit Classes that may be offered to Investors with the Commodities Select Classes as a Reference Asset and a Gain Currency in AUD, and **Commodities Select Class** is to have a corresponding meaning.
INR	Indian Rupees, the official currency of India.
LME	London Metal Exchange.
MLI	Merrill Lynch International ARBN 125 336 567.
Nifty	The S&P CNX Nifty Index.
RBOB	Reformulated blendstock for oxygenate blending.
RSX	The DaxGlobal Russia+ Index.
US Equity Classes	The Unit Classes that may be offered to Investors with the S&P 500 Index as a Reference Asset and a Gain Currency in USD, and **US Equity Class** is to have a corresponding meaning.
WTI	West Texas Intermediate.

Part 5: How to apply

Changes to Section 7 of Part II of the PDS 'How to Apply'

- Delete Section 7 of Part II of the PDS on pages 131-134 with the following:

7. How to apply

7.1. HOW MUCH MONEY DO I NEED TO GET STARTED?

The amount you will need to get started depends on your choice of Investment Loan. For an Investment Loan of AUD50,000:

- If you choose the Limited Recourse Investment Loan option, the annual-in-advance Investment Loan interest payment for the first Interest Period would be equal to AUD4,550 (using an indicative interest rate of 9.10%pa as at 6 April 2011);[1] and
- If you choose the Full Recourse Investment Loan option, the annual-in-advance Investment Loan interest payment for the first Interest Period would be equal to AUD4,425 (using an indicative interest rate of 8.85%pa as at 6 April 2011).[1]

If you do not apply for, or are not approved for an Interest Loan, the applicable amount will be direct debited from your account on or around the relevant Unit Issue Date. In addition a Loan Establishment Fee of 2.0% of your Investment Loan amount will be direct debited from your nominated account on the relevant Unit Issue Date (unless your adviser has agreed to rebate some or all of the upfront commission).

If you apply and are approved for an Interest Loan, the annual in advance Investment Loan interest payment will be funded by your Interest Loan. You will repay the amount of your Interest Loan with 12 monthly repayments of principal and interest each year of your investment. These will be direct debited from your account at the end of each month, with the first payment to occur on the last day of the month following the month in which the relevant Unit Issue Date occurs. In addition, a Loan Establishment Fee of 2.0%of your Investment Loan will be direct debited from your nominated account in 12 equal monthly repayments over the first year of your Investment Loan (unless your adviser has agreed to rebate some or all of the upfront commission).

7.2 HOW TO COMPLETE YOUR APPLICATION FORM

If you wish to apply to invest in the Fund offered under this PDS, you must complete the Application Form accompanying this PDS in accordance with the following instructions.

The Responsible Entity may accept or reject any application in part or in full for any reason. Investors will only receive the number of Units equivalent to the amount of their approved Investment Loan.

Investors who provide email contact details will be notified by email that their Application Form has been received. Confirmations of the number of Units issued to each Investor will be sent to them, and any financial adviser whose details are included on the Application Form, as soon as practicable after the relevant Unit Issue Date.

[1] Please note that indicative interest rates for the Full Recourse Investment Loan and Limited Recourse Investment Loans may vary for each Offer. For indicative interest rates for the current Offer please refer to the Flexi Website.

Applicant types and requirements table

To assist you with completing the Application Form, please review the table below and ensure you have completed the sections that are relevant to your investment with MFPML.

Applicant type	In whose name must the account in Part 5 be?	Who signs Part 9 of the Application Form?	Which Parts of the Application Form must be completed?	Which Parts of the Application Form must be read?
Individual applicant (not including individual trustees)	The individual (for a joint account, one of the account holders must be the individual applicant)	The individual investor (in the presence of a witness)	1a, 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9.	2, 7, 8
Joint individual applicants (not including joint individual trustees	Each individual (for joint accounts) or one of the joint individual applicants	Both investors (each in the presence of a witness)	1a, 1b, 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9.	2, 7, 8
Corporate applicant (not including corporate trustees)	The name of the company	Either: two directors, or a director and secretary; or one director for a sole director company; or as required by the constitution/rules of the company or body.	1a, 1b (if not sole director company) 1C, 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9.	2, 7, 8
Corporate trustee applicant (including for Superannuation Investors)	The trustee/s and the name of the trust	Either: two directors, or a director and secretary; or one director for a sole director company; or as required by the constitution/rules of the company or body.	1a, 1b (if not sole director company) 1c, 1d, 1e (if applicable), 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9.	2, 7, 8
Individual and joint individual trustee applicants (including for Superannuation Investors)	The trustee/s and the name of the trust	The trustee/s (each in the presence of a witness)	1a, 1b (if joint individual trustees), 1d, 1e (if applicable), 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9.	2, 7, 8

What additional documentation do I need to provide?	
Applicants with a Financial Adviser	**Direct applicants**
Complete **both**: the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and IFSA/FPA Identification Form for the individual (available from macquarie.com.au/aml).	**One** of the following[2]: original certified copy of Australian Driver's Licence; original certified copy of Australian Passport; original copy of State or Territory proof of age card;[3] or original copy of a foreign passport or similar document issued for the purpose of international travel.[4]
Complete **both**: the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and IFSA/FPA Identification Forms for **both** individuals (available from macquarie.com.au/aml).	For each individual, **one** of the following: original certified copy of Australian Driver's Licence; original certified copy of Australian Passport; original copy of State or Territory proof of age card;[3] or original copy of a foreign passport or similar document issued for the purpose of international travel.[4]
Complete **both**: the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and IFSA/FPA Identification Form for the company (available from macquarie.com.au/aml).	If requested, you must provide an original certified copy of the certificate of registration issued by ASIC.
Complete **both**: the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and IFSA/FPA Identification Forms for **both** the company **and** the trust (available from macquarie.com.au/aml).	You **must** provide an original certified copy of the certificate of registration issued by ASIC, AND **one** of the following: original certified copy of an extract of the Trust Deed;[5] notice (such as a notice of assessment) issued by the ATO within the last 12 months); or letter from a solicitor or qualified accountant verifying the name of the trust.
Complete **both**: the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and IFSA/FPA Identification Forms for **both** the trust **and each** individual (available from macquarie.com.au/aml).	For each individual, **one** of the following: original certified copy of Australian Driver's Licence; original certified copy of Australian Passport; original copy of State or Territory proof of age card;[3] or original copy of a foreign passport or similar document;[4] **one** of the following: original certified copy of an extract of the Trust Deed;[5] notice (such as a notice of assessment) issued by the ATO within the last 12 months); or letter from a solicitor or qualified accountant verifying the name of the trust.

2. For alternative sources of verification for individual and joint individual applicants, please see 'Fulfilling your documentation requirements' at the end of the Application Form.
3. The card must contain a photograph of the person in whose name it is issued.
4. Foreign documentation must contain a photograph and the signature of the person in whose name the document is issued. Where any document relied on as part of the procedure is in a language that is not English, it must be accompanied by an English translation prepared by an accredited translator.
5. Please note that where an applicant sends its trust deed/constitution to us, we will only use that trust deed/constitution to extract information required for AML/CTF requirements and we will not otherwise review the trust deed/constitution.

In addition, please note:

- If you are applying for an Interest Loan and have aggregate loans from Macquarie Group that in total exceed AUD250,000 and are used to invest in capital protected financial products offered by any member of Macquarie Group (including the Interest Loan (if any) applied for under this PDS but not the Investment Loan) you will need to provide verification of your income by providing the documents set out in Part 4d of this Application Form.
- If you are a Superannuation Investor applying for a Limited Recourse Investment Loan in excess of AUD100,000, you will need to provide certification from an accountant, as specified in Part 6 of the Application Form.
- If you are a non-Superannuation Investor applying for an Investment Loan in excess of AUD100,000 and do not have your Application Form stamped by a financial adviser, you will need to provide certification from an accountant, as specified in Part 6 of the Application Form.
- If you are a trustee investor and (1) you are not a Superannuation Investor and (2) you are applying for an Investment Loan in excess of AUD200,000, you will need a solicitor to confirm that you have the power to invest in the Fund. This is done by completing and signing the relevant part of the Application Form. Refer to Part 1e of the Application Form for more information regarding the certificate of the trustee's solicitor.
- By signing Part 9 – 'Applicant Signature' of the Application Form, you authorise Macquarie Bank Limited ABN 46 008 583 542, as your attorney and by way of electronic signature, to sign the Loan and Put Option Agreement in the form of Section 5.1 of Part II of the PDS (if you have applied for a Limited Recourse Investment Loan) or the Loan and Security Agreement in the form of Section 5.2 of Part II of the PDS (if you have applied for a Full Recourse Investment Loan) on your behalf.

7.3 Anti-Money Laundering and Counter–Terrorism Financing Act 2006

In December 2006 the Australian Government introduced the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**), which requires reporting entities, such as financial advisers and product issuers, to conduct client identification and verification checks. The Responsible Entity and the Loan Provider (together the **Macquarie Entities**) are required to comply with the AML/CTF Act.

Entering into this product can be done in one of two ways, depending on whether you are an applicant investing via a licensed financial adviser or a direct applicant.

If you are investing through a financial adviser, your identification and verification checks can be conducted by your financial adviser who will also complete the relevant identification form issued by Financial Services Council Limited and the Financial Planning Association of Australia (**IFSA/FPA Form**). These forms are available from macquarie.com.au/aml.

If you are entering into this product by applying directly to Macquarie Entities, please complete the Application Form that accompanies this PDS. Please also ensure that you provide all the required verification material as described in the Application Form.

We may, from time to time, be required to contact you to request additional information for identification or verification purposes.

By applying for the Units in the Macquarie Flexi 100 Trust you agree to the following:

a) at the reasonable request of Macquarie Entities, to supply, or procure the supply of, any documentation and other evidence and perform any acts to enable Macquarie Entities to comply with any laws relating to the AML/CTF Act; and

b) Macquarie Entities may report the details of any transaction or activity, or proposed transaction or activity in relation to your Units (including any personal information (as defined in the Privacy Act 1988 (Cth)) that you may have provided to Macquarie Entities) to any reporting body authorised to accept reports under any laws relating to AML/CTF applicable in Australia or elsewhere if in the Macquarie Entities' reasonable opinion this is required to comply with the AML/CTF Act.

7.4 How to submit your Application Form

Please submit your Application Form and any required accompanying documents (if required, verification of income) to the following address before 3.00pm (Sydney time) on the relevant Offer Close date specified on the Flexi Website.

By mail or delivery:
Client Service Team – Macquarie Flexi 100 Trust
GPO Box 4294
SYDNEY NSW 1164

While each Offer is scheduled to close at 3.00pm (Sydney time) on the relevant Offer Close date as specified on the Flexi Website, you are encouraged to submit your Application Form so that it is received by the Responsible Entity on or before the business day prior to the applicable Offer Close date.

For more information contact:

Macquarie Financial Products Management Limited

1800 080 033

Macquarie Flexi 100 Trust
Macquarie Financial Products Management Limited
GPO Box 4294
Sydney NSW 1164

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This PDS is a two-part product disclosure statement comprised of Part I and Part II. You must read both parts carefully. You should not apply for Units unless you have received, read and understood both Part I and Part II of this PDS.

Macquarie Flexi 100 Trust (the 'Fund')

The Fund is offering Investors leveraged exposure to Australian and international investments. To invest in the Fund, you must apply for a loan for 100% of your Investment Amount.

The menu of Investment Opportunities that may be provided by each Offer of Units in the Fund, and their corresponding features, are set out in the table below:

Investment Opportunity	Reference Asset	Term[1]	Distributions		When gain received		Gain Currency[2]	
			Variable	Fixed	Annually during Term	At Maturity	AUD	USD
Australian Equity	S&P/ASX 200; exposure to the Australian share market.	3 Year	✓		✓		✓	
		3.5 Year		✓		✓	✓	
		5.5 Year		✓		✓	✓	
Australian Equity Focus	A fixed, equally-weighted basket of 20 shares with large market capitalisation listed on the ASX; exposure to the Australian share market.	3 Year	✓		✓		✓	
		3.5 Year		✓		✓	✓	
		5.5 Year		✓		✓	✓	
Asia Long Short	MQ Asia Long Short Fund; exposure to an Asian-market absolute return fund.	3 Year	✓		✓			✓
		3.5 Year		✓		✓		✓
		5.5 Year		✓		✓		✓
Asian Equity	Equally weighted basket comprising the Tracker Fund of Hong Kong, Hang Seng H-Share Index ETF, MSCI Taiwan Index, Kospi 200 Index and the MSCI Singapore Index; exposure to Hong Kong, Chinese, Taiwanese, Korean and Singaporean share markets.	3 Year	✓		✓			✓
		3.5 Year		✓		✓		✓
		5.5 Year		✓		✓		✓

For a list of Unit Classes currently on Offer to Investors, see the Flexi Website at macquarie.com.au/flexi.

1. Approximate Term. Refer to Section 1.2(f) of Part I of the PDS for further information.
2. The Reference Asset Gain (for Fixed Distribution Classes) and the annual Distributions (for Variable Distribution Classes) will be determined in this currency, and if in USD, converted to AUD at the time of payment. See Sections 2.3 and 2.4 of Part I of this PDS for more information.

Investment Loan options

To fund your investment in the Units you must choose to borrow using either a Limited Recourse Investment Loan or a Full Recourse Investment Loan.

Difference between limited recourse and full recourse

With a limited recourse loan, the only recourse the Loan Provider has against you is limited to your Units and their proceeds.

With a full recourse loan, the Loan Provider not only has recourse against your Units and their proceeds but also against your assets and you personally.

Potential benefits

The Units offered under this PDS seek to provide you with the following potential benefits:

- **Diversified investment opportunities:** the Units offer you the opportunity to gain exposure to the performance of a diversified equity index in Australia, a fixed basket of 20 large market capitalisation shares listed in Australia and/or a menu of international investments
- **100% gearing with an Investment Loan:** enabling Investors[3] (including Superannuation Investors[4]) to invest with a low initial capital outlay and no margin calls
- **Optional protection of a Limited Recourse Investment Loan:** If you choose the Limited Recourse Investment Loan, you will not be required to contribute more of your own money to pay back the Investment Loan (you will however be required to pay any amounts owing on your Interest Loan (if applicable), with your own money). If you choose the Full Recourse Investment Loan, in some circumstances you may be required to contribute more of your own money to pay back the Investment Loan
- **Potential income over the Term:** Investors in a Fixed Distribution Class will be entitled to a fixed annual Distribution throughout the Term. Investors in a Variable Distribution Class may be entitled to an annual Distribution based on the positive performance (if any) of the Reference Asset during that Distribution Period. During the Term, Distributions will be automatically applied to pay the amounts owing by you to the Loan Provider under your Loan (such as interest payable on your Investment Loan for the next Interest Period), so you may not receive any Distribution as a cash payment. You will have to pay any tax payable on your Distributions from your own resources
- **Flexibility to 'Walk-Away':** While an investment in the Fund is designed to be held until Maturity, you may 'Walk-Away' from your Units and the Investment Loan without incurring additional costs, including break costs,[5] by exercising the 'Walk-Away' feature (provided you have prepaid your annual interest out of your own funds and do not have an Interest Loan). It is important to understand that if you borrow using the Full Recourse Investment Loan, you will not be able to Walk-Away without incurring further amounts if the Collateral Counterparty does not fulfil its obligations under the Collateral Agreement.

Walk-Away feature and your choice of Investment Loan

A feature of your investment is the ability to 'Walk-Away'. This means that on a quarterly basis you may choose to Walk-Away from your Investment Loan without paying any further amounts to the Loan Provider on the Loans including any applicable break costs. However, in some circumstances there will be further amounts you will be obliged to pay if you choose to Walk-Away. These circumstances include:

1. if you have an Interest Loan, you will have to repay the Interest Loan and pay all outstanding amounts plus any applicable break costs;[6] and
2. if you choose to invest with a Full Recourse Investment Loan and the Collateral Counterparty does not fulfil its obligations under the Collateral Agreement, you will need to use your own funds to cover any shortfall owing under the Investment Loan if the value of your Units is not enough to repay any amount outstanding on your Investment Loan, including any applicable break costs.

Throughout the PDS where we refer to the Walk-Away feature, we refer to the ability to Walk-Away subject to these two circumstances described above.

3. Investors must be approved by the Loan Provider.
4. Superannuation Investors may only invest using the Limited Recourse Investment Loan.
5. Note that any prepaid interest will not be refunded.
6. For details on break costs in relation to Interest Loans, refer to clause 23 of the Loan and Put Option Agreement and clause 19 of the Loan and Security Agreement (in Section 5 of Part II of the PDS).

Key risks

If you invest in the Fund, you will be taking on a number of risks including:

- **Reference Asset risk:** the risk that the Reference Asset relevant to a Unit Class does not perform well, including as a result of recent increased equity market uncertainty and the global economic downturn. Recent high levels of volatility in equity markets increase this risk
- **Borrowing to invest:** there is a material risk that the total value of your returns at Maturity (if any) and Distributions paid throughout the Term will be less than your total interest payments and other costs. If this occurs you will have lost money on your investment at Maturity
- **Creditworthiness of the Counterparties:** the risk that the Counterparties to the agreements through which the Fund gains its exposure to the Reference Assets (the Swap Counterparty and Collateral Counterparty) do not meet their obligations
- **Early termination risk:** your exposure to the Reference Asset may be terminated early in a number of circumstances outlined in Section 4.1 of Part II of this PDS such as a material change in the Swap Counterparty's cost of hedging or ability to hedge its exposure, a change in the liquidity of the Reference Asset or a change in law (amongst other factors). In such circumstances, the Swap Counterparty may seek to terminate the Swap Agreement early. If this occurs you will be required to repay your Investment Loan and any Interest Loan (together with any break costs), your Units will be redeemed, you will no longer have exposure to the Reference Asset or an entitlement to any further Distributions and you will not receive a refund of any prepaid interest
- **Currency risk:** for any Asia Long Short Class and Asian Equity Class, the risk that movements in the AUD:USD foreign exchange rate will adversely affect the return from your Units throughout the Term
- **Interest deductibility:** the Australian Tax Office ('ATO') may adopt a position leading to the denial of part or all of your tax deductions for some or all of your interest expenses in relation to your investment.

As well as the risks of this particular product, you should also consider how an investment in this product fits into your overall portfolio. Diversification of your investment portfolio can be used as part of your overall portfolio risk management strategy and may help limit your exposure to failure or underperformance of any one investment, manager or asset class.

Your investment is subject to additional risks. Accordingly, before investing in the Fund and taking out a Loan you should consider carefully the risks outlined in Section 3 of Part I 'Risks', and Section 2 of Part II 'General risks you should consider' as these may affect your decision to invest.

Who may be interested in investing?

Investing in the Fund may suit you if you are looking:

- to gain medium to long term exposure referable to diversified Australian equities, a basket of large market capitalisation Australian Equities and/or international investments;
- for the cashflow advantages of a potential or fixed annual Distribution throughout the Term;[7] and
- to invest with the flexibility to Walk-Away from your Units and Investment Loan from the first Walk-Away Date and on each subsequent Walk-Away Date with no further amounts payable, provided:
  - that you do not have an Interest Loan (as you would then need to repay your Interest Loan, as well as any applicable break costs, out of your own funds); or
  - that if you choose to invest using a Full Recourse Investment Loan, there is no Collateral Default.[8]

The Fund may not suit potential investors who are not familiar with the risks associated with borrowing to invest and other risks associated with this product.

An investment in the Fund is not a traditional investment product (such as a direct investment in Australian shares), and may not suit investors who do not have experience, and are unfamiliar with, investing in structured products that provide indirect, notional exposure to indices using financial instruments such as swap agreements and collateral agreements.

Investments in the Fund are only available to applicants where the Loan Provider has approved their Investment Loan.

Before investing in the Fund and taking out a Loan(s) you should consider carefully the risks that may affect the financial performance of the investment. For information about the risks pertaining to an investment in the Fund and borrowing to invest, please refer to Section 3 of Part I 'Risks', and Section 2 of Part II 'General risks you should consider'.

7. Note that any Distributions will be applied to pay your required interest payment for the next Interest Period so you will only receive a cash payment if the amount of the Distribution is greater than the interest payment.
8. Any prepaid interest will not be refunded.

How to apply

Check the Flexi Website at macquarie.com.au/flexi to see the list of any Offer of Unit Classes that are open at the time you wish to invest.

The Offer includes the:

(1) Unit Classes available for investment, their Payoff Category and Investment Opportunity;

(2) Offer Close date for receipt of Application Forms;

(3) Unit Issue Date for Units to be issued to successful applicants;

(4) Maturity Date;

(5) Walk-Away Dates;

(6) Notification Dates;

(7) Swap Valuation Dates;

(8) Reference Asset Valuation Dates;

(9) Unit Valuation Dates;

(10) Distribution Dates;

(11) Distribution Periods;

(12) Distribution Rates;

(13) Hurdles;

(14) Indicative Annual, Term and Share Performance Caps (as applicable);

(15) Minimum Performance Caps;

(16) Indicative Investment Loan and Interest Loan interest rates; and

(17) Investment and Interest Loans available.

Please read this PDS, any Offer and all updates on the Flexi Website. If you then decide that you want to apply for Units in a Class, please complete and return the Application Form accompanying this PDS.

Applications must be received by the Responsible Entity by the Offer Close date for that Unit Class.

The Responsible Entity reserves the right to vary the date and times related to the Offer, without prior notice, and to accept late applications, reject applications and/or close the Offer early. Any changes will be made available on the Flexi Website at macquarie.com.au/flexi.

MFPML makes no representation that it will make any Offers, that Unit Classes with exposure to all or any particular Reference Asset will be offered or that it will make Offers at any particular time.

While each Offer is scheduled to close at 3.00pm (Sydney time) on the applicable Offer Close date as specified on the Flexi Website, you are encouraged to submit your Application Form so that it is received by the Responsible Entity on or before the business day prior to the applicable Offer Close date.

If your Application Form is received on the applicable Offer Close date and the Responsible Entity receives a large number of Application Forms on that date, there is no guarantee that your Application Form will be processed or that Units will be issued to you. Accordingly, you are encouraged to submit your Application Form prior to these dates as applicable.

Applications for Units in the Fund are to be made by completing the Application Form accompanying this PDS or by printing an Application Form from the Flexi Website at macquarie.com.au/flexi.

1 / Investment summary

This Section contains references to some of the key features of the Fund. You should read this PDS and any Offers and updated information on the Flexi Website in full before deciding whether to invest.

Topic	Summary	Further information
	1.1. THE OFFERS	
(a) What is offered under this PDS?	**(1) Units in the Fund** You are invited to apply for ordinary fully paid Units, at an issue price of AUD1.00 per Unit, in one or more of the Unit Classes available under the current Offer.[9] Each Unit Class will have the characteristics of: (a) **one of** the following Investment Opportunities, each with exposure to a particular Reference Asset: ■ Australian Equity (exposure to the S&P/ASX 200 Index); ■ Australian Equity Focus (exposure to the Australian Equity Focus Basket); ■ Asia Long Short (exposure to the MQ Asia Long Short Fund); and ■ Asian Equity (exposure to the basket comprising 20%TFHK, 20% HSHSI, 20% TWY, 20% Kospi 200 and 20% SGY), **combined with** (b) **one of** the following Payoff Categories: ■ 5.5 Year Fixed Distribution Classes; ■ 3.5 Year Fixed Distribution Classes; and ■ Variable Distribution Classes. The characteristics of the Payoff Categories and Investment Opportunities are outlined in Section 2 of Part I 'Investment options'. **Please note that, for each Offer, the Responsible Entity is unlikely to offer Unit Classes representing all possible combinations of the Payoff Categories and the Investment Opportunities. For a list of Unit Classes that are on Offer to Investors for investment at any point in time, see the Flexi Website at macquarie.com.au/flexi.**	Section 2 of Part I 'Investment options'.
	(2) Compulsory Investment Loan In order to apply for Units, you must also apply for an Investment Loan from the Loan Provider to fund 100% of the issue price of your Units (**'Investment Amount'**). You have the option of borrowing to invest using either the Limited Recourse Investment Loan or the Full Recourse Investment Loan. Superannuation Investors must invest with the Limited Recourse Investment Loan. With both types of loan, you will acknowledge that the Responsible Entity will grant the Collateral Security over the Cash Collateral to the Loan Provider as security for your obligations under the loan. Interest on the Investment Loan is payable annually-in-advance at the start of each year of the Term.	Section 4 of Part I 'The Loans'.
	(3) Optional Interest Loan A full recourse Interest Loan will also be available for approved Investors (other than Superannuation Investors) to pay the upfront interest payable on your Limited Recourse Investment Loan or Full Recourse Investment Loan.	Section 4 of Part I 'The Loans'.

9. Check the Flexi Website for Unit Classes on Offer at the time you wish to invest.

Topic	Summary	Further information
	1.2. THE INVESTMENT	
(a) The responsible entity of the Fund	The responsible entity of the Fund is Macquarie Financial Products Management Limited (**'MFPML', 'Responsible Entity'**, or **'Issuer'**). MFPML is part of the Macquarie Group of companies. The Fund is an Australian unit trust registered as a managed investment scheme. The Fund will be comprised of several portfolios of assets and liabilities each referable to a particular Unit Class. Each of these portfolios is called a Class Portfolio.	Section 3.1 of Part II 'Credentials'.
(b) How does the Fund invest the Offer Proceeds?	No Unit Class will invest directly in the relevant Reference Asset, but instead will obtain exposure to the relevant Reference Asset through: ■ a Swap Agreement with the Swap Counterparty; and ■ a Collateral Agreement with the Collateral Counterparty. Together these agreements are referred to as the 'Investment Linked Swap Arrangements'. The Fund will deposit all of the offer proceeds for each Unit Class with the Collateral Counterparty as collateral for its obligations under the Investment Linked Swap Arrangements.	Section 1.1 of Part II 'How does the Fund achieve exposure to the Reference Assets?' and Section 4.1 of Part II 'The Investment Linked Swap Arrangements'.
(c) The Investment	The Class Portfolio for each Unit Class will provide exposure to a Reference Asset, with different investment return structures, which may include: ■ Share Performance Caps and Hurdles (for any Australian Equity Focus Fixed Distribution Class);[10] ■ Term Performance Caps and Hurdles (for any other Fixed Distribution Class);[10] and ■ Annual Performance Caps (for any Variable Distribution Class).[11] Your exposure to the Reference Assets will commence on the applicable Swap Start Date, which will be on or around the Unit Issue Date. Additionally, your exposure to the Reference Assets for a Fixed Distribution Class will end on the respective Swap Valuation Date, and for a Variable Distribution Class on the respective final Reference Asset Valuation Date, which is likely to fall before the Maturity Date. As a result, if you hold Units to Maturity you will not necessarily be exposed to the relevant Reference Asset for the entire Term.	Section 2 of Part I 'Investment options'.
	(1) The Fixed Distribution Classes **The Share Performance Cap** For an investment in any Australian Equity Focus Fixed Distribution Class, a cap may be placed on the individual performance of each of the 20 shares comprising the Reference Asset, and accordingly may cap the potential Reference Asset Gain you could realise at Maturity. **The Term Performance Cap** For an investment in any Fixed Distribution Class other than an Australian Equity Focus Class, a cap may be placed on the Final Investment Level of the Reference Asset, and accordingly may cap the potential Reference Asset Gain you could realise at Maturity.	Section 2.2.2 of Part I 'Australian Equity Focus Classes: Australian Equity Focus Basket'. Section 2.3 of Part I 'The Fixed Distribution Classes – Distributions and return at Maturity'.

10. For indicative Share Performance Caps, Term Performance Caps, Minimum Performance Caps and Hurdles for Fixed Distribution Classes on Offer at any point in time, check the Flexi Website.
11. For indicative Annual Performance Caps and Minimum Performance Caps for Variable Distribution Classes on Offer at any point in time, check the Flexi Website.

Topic	Summary	Further information
	The Hurdle For an investment in any Fixed Distribution Class, a Hurdle will apply, meaning you will not receive a Reference Asset Gain unless the Final Investment Level of the Reference Asset exceeds the Hurdle. The Hurdle is the amount paid to Investors in fixed Distributions throughout the Term. There is no Hurdle applying to an investment in a Variable Distribution Class.	Section 2.3 of Part I 'The Fixed Distribution Classes – Distributions and return at Maturity'.
	(2) The Variable Distribution Classes **The Annual Performance Cap** For an investment in any Variable Distribution Class, in each year a cap may be placed on the Reference Asset Level, and accordingly may cap the value of the potential annual Distributions you may realise at the end of each Distribution Period. The actual Share Performance Caps, Term Performance Caps or Annual Performance Caps for a Unit Class will be determined on or before the Swap Start Date for that Unit Class and disclosed on the Flexi Website.	Section 2.4 of Part I 'The Variable Distribution Classes – Distributions and return at Maturity'.
(d) Annual Distributions	Your investment may entitle you to annual Distributions at the end of each year during the Term. The amount of the potential Distributions will depend upon your choice of Payoff Category. Table 1 shows how the Distribution Rates for Unit Classes in each Payoff Category will be determined: **Table 1: How Distribution Rates are determined**	Section 2.3.1 and 2.4.1 of Part I – 'What Distributions could I be entitled to over the Term?'

Payoff Category	How the Distribution Rate is determined	Distribution Rate
5.5 Year Fixed Distribution Classes	Fixed amount per annum payable at the end of each year of the Term. Fixed amount payable at Maturity.	As stated on the Flexi Website for an Offer.
3.5 Year Fixed Distribution Classes	Fixed amount per annum payable at the end of years 1 and 2 of the Term, and a different fixed amount payable at the end of year 3 of the Term.	As stated on the Flexi Website for an Offer.
Variable Distribution Classes	Variable amount determined at the Reference Asset Valuation Date based on the positive performance (if any)[12] of the Reference Asset during that Distribution Period,[13] subject to the relevant Annual Performance Cap (if applicable).	Between 0.0% and the relevant Annual Performance Cap (if applicable) as stated on the Flexi Website for an Offer.

12. For any Asia Long Short Class or Asian Equity Class that is a Variable Distribution Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Section 5.3.10 of Part I 'Fees Specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees Specific to Asian Equity Classes' for more details.
13. Distribution Periods represent the period between the relevant Unit Issue Date and the first Reference Asset Valuation Date, and between subsequent Reference Asset Valuation Dates. Your entitlement to a Distribution will be measured in each Distribution Period.

Topic	Summary	Further information
	The Distribution Rates for each Fixed Distribution Class currently on Offer to Investors are available on the Flexi Website. For Investors in a Fixed Distribution Class, Distributions will only be payable to Investors who have chosen not to exercise the Walk-Away feature of the Investment Loan on or before the relevant Distribution Date.	
	Any Distributions that you become entitled to at the end of any year or Distribution Period during the Term of your Investment will be automatically applied to pay amounts payable by you to the Loan Provider under your Loan (such as interest payable on your Investment Loan for the next Interest Period). This means that Investors in a Fixed Distribution Class will not receive any Distributions as a cash payment (except for the Distributions at Maturity).[14] Investors in a Variable Distribution Class may receive a partial cash payment of their Distribution if their Distribution amount is more than interest payable on the Investment Loan for the next Interest Period.	Section 4.1.3 of Part I 'Interest on the Investment Loan'.
(e) Maturity	For a list of Maturity Dates and approximate Terms[15] for Unit Classes on Offer to Investors at any point in time, please see the Flexi Website. At Maturity:	Section 2 of Part I 'Investment options'.
	(a) Fixed Distribution Classes Investors in a Fixed Distribution Class will receive: (i) for the 5.5 Year Fixed Distribution Classes, the final fixed Distribution; (ii) a potential further distribution of the income of the Fund, which is expected to be an amount equal to their Reference Asset Gain (if any); and (iii) if their Units are redeemed, the proceeds from the redemption of their Units, which should be equal to their Investment Amount, which will be used to repay their Investment Loan.[16]	Sections 2.3.2 of Part I 'What return will I receive at Maturity?'
	Your Reference Asset Gain will broadly represent any increases in the value of your investment over the relevant Hurdle, and will be subject to the relevant Term Performance Cap (if any).	
	(b) Variable Distribution Classes Investors in a Variable Distribution Class will receive an amount equal to: (i) their Distribution for the final Distribution Period, being the positive performance[17] (if any) of the relevant Reference Asset for the Distribution Period 3, subject to the relevant Annual Performance Cap (if any); and (ii) if their Units are redeemed, the proceeds from the redemption of their Units, which should be equal to their Investment Amount, which will be used to repay their Investment Loan.[18] There is no Reference Asset Gain payable in respect of the Variable Distribution Classes. This is because the positive performance (if any) of the Reference Asset from year to year will be paid annually in Distributions (subject to the Annual Performance Caps).	Sections 2.4.2 of Part I 'What return will I receive at Maturity?'

14. Unless there is an amount payable by you to the Loan Provider under a Loan.
15. Subject to early termination risk, see Sections 1.4 of Part I 'Risks' and 3.1.5 of Part I 'Early Termination Risk' for more details.
16. Proceeds from redemption of Units may be less than this amount if there have been any events of default under the Collateral Agreement or the Responsible Entity has been indemnified by the Fund. See Sections 4.1 and 4.4 of Part II of the PDS for more information.
17. For any Asia Long Short Class and Asian Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Section 5.3.10 of Part I 'Fees Specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees Specific to Asian Equity Classes' for more details.
18. Proceeds from redemption of Units may be less than this amount if there have been any events of default under the Collateral Agreement or the Responsible Entity has been indemnified by the Fund. See Sections 4.1 and 4.4 of Part II of the PDS for more information.

Topic	Summary	Further information
(f) Redemptions and Walk-Away feature	The investment is designed to be held until Maturity. However, you may exercise the Walk-Away feature quarterly during the Term commencing on the first Walk-Away Date. To exercise the Walk-Away feature you will need to submit a Withdrawal Form before the 15th day of the month prior to the month containing the Walk-Away Date (the **'Notification Date'**).[19] If you Walk-Away, you will receive the value of your Units as at the applicable Unit Valuation Date. For a list of the Walk-Away Dates, Notification Dates and Unit Valuation Dates for each Unit Class on Offer to Investors at any point in time, please see the Flexi Website. If we do not receive your Withdrawal Form by the relevant Notification Date, you will continue to hold your Units and be required to fulfil any interest payment obligations under your Loan/s. You will also need to re-submit your Withdrawal Form before the next Notification Date to exercise the Walk-Away feature at that time. Withdrawal Forms will be made available on the Flexi Website. If you borrow to invest using the Limited Recourse Investment Loan, you will not be required to pay any further amounts to the Loan Provider, in respect of your Investment Loan, upon exercise of the Walk-Away feature. If you borrow to invest using the Full Recourse Investment Loan you will not be required to pay any further amounts to the Loan Provider in respect of your Investment Loan upon exercise of the Walk-Away feature other than in the case of the Collateral Counterparty failing to repay some or all of the Cash Collateral, or otherwise defaulting on its obligations under the Collateral Agreement. If you have an Interest Loan, on your exercise of the Walk-Away feature you will need to pay the unpaid balance of the Interest Loan plus any interest and any break costs applicable to the Interest Loan, and the remainder of the Loan Establishment Fee that is outstanding. Therefore, if you have an Interest Loan you will effectively not have the benefit of being able to walk-away (at no additional cost to yourself). If you choose to exercise the Walk-Away feature you will not receive a refund of any interest prepaid on your Investment Loan.	Section 4.1.5 of Part I 'The Walk-Away feature – Limited Recourse Investment Loan Borrowers'; Section 4.1.6 of Part I 'The Walk-Away feature – Full Recourse Investment Loan Borrowers' and Section 3 of Part I 'Risks'.
	Investors who exercise the Walk-Away feature will be entitled to receive the value of the Units at that time. The key factors affecting the value of the Units are: ■ the level of the Reference Asset; ■ the volatility of the Reference Asset; ■ the level of interest rates in the relevant Gain Currency; and ■ the AUD:USD exchange rate (for Unit Classes with USD as the Gain Currency). For information on the way in which each of these factors affects the value of the Units, and how they interact with each other, see Section 2.6 'What is the value of my Units on Walk-Away prior to Maturity?' The funds received by an Investor who exercises the Walk-Away feature will be applied first to repay any amounts owing by an Investor under a Loan with the Loan Provider. For Investors in a Fixed Distribution Class, if you exercise the Walk-Away feature of the Investment Loan on or before the first anniversary of the relevant Unit Issue Date, the value of your Units will be AUD1.00 per Unit in line with the terms of the Investment Linked Swap Arrangements, and you will not realise any Reference Asset Gain. Investors in a Variable Distribution Class will be entitled to receive a Distribution (if any) if they choose to Walk-Away on the Walk-Away Date on or after a Distribution Date.	Section 2.6 'What is the value of my Units on Walk-Away prior to Maturity?'

19. If the Notification Date falls on a day which is not a business day in Sydney, then the preceding business day will apply.

Topic	Summary	Further information
(g) Minimum Investment Amount	The minimum amount that you may invest in the Fund is AUD25,000 in total (the **'Minimum Investment Amount'**). The minimum you may invest in any one Unit Class is AUD5,000. Your Investment Amount must also be in multiples of AUD1,000. The Responsible Entity reserves the right to lower the Minimum Investment Amount.	

1.3. THE LOANS AVAILABLE UNDER AN OFFER

(a) The Investment Loan

Compulsory Investment Loan

If you apply for Units in the Fund, you will also be required to apply for an AUD denominated Investment Loan from the Loan Provider to fund 100% of the issue price of your Units. You will have a separate Investment Loan for each Unit Class in which you apply to invest.

You have the choice of funding your investment with the Limited Recourse Investment Loan or the Full Recourse Investment Loan.

Investing with the Limited Recourse Investment Loan means that any amount payable by you to the Loan Provider in respect of the Investment Loan is limited to your Units and their proceeds.

Investing with the Full Recourse Investment Loan means that you may be exposed to any shortfall between the value of your Units and your Investment Loan balance. This shortfall will arise as a result of the failure of the Collateral Counterparty to meet its obligations. You would have to pay any such shortfall out of your own funds.

The Investment Loan is repayable at Maturity or on exercising the Walk-Away feature.

Trustees of superannuation funds who propose to invest in the Fund may only borrow using the Limited Recourse Investment Loan.

Interest on the Investment Loan is payable annually in advance, with the first payment date on the relevant Unit Issue Date. For each subsequent Interest Period of your investment (except if you exercise the Walk-Away feature), any Distributions that you become entitled to will be automatically applied to pay amounts payable by you to the Loan Provider under a Loan (such as interest payable on your Investment Loan for the next Interest Period).

If you Walk-Away from your investment during an Interest Period, or your Units are redeemed, you will not receive a refund of any of your prepaid interest paid at the beginning of that Interest Period.

A condition to your Investment Loan under the Loan Agreement is that the Responsible Entity grant the Collateral Security, being a charge over the Cash Collateral, in favour of the Loan Provider as security for your obligations under the Loan Agreement (see Section 4 of Part II 'Summary of material contracts' for further details).

Section 4 of Part I 'The Loans'.

Section 4.1 of Part I 'Investment Loan'.

Section 4.2 of Part II 'Security Trust Deed'.

(b) The Interest Loan

Optional Interest Loan

For approved Investors, an Interest Loan may be available to fund the interest payments due under the Investment Loan.[20] The Interest Loan is not available to Superannuation Investors.

20. See Clause 2.1 in either the Loan and Put Option Agreement or Loan and Security Agreement (as applicable) in Section 5 of Part II of the PDS.

Topic	Summary	Further information
	The Interest Loan will commence on the relevant Unit Issue Date for the period until the day before the first anniversary of the relevant Unit Issue Date, and is to be repaid by 12 monthly principal and interest repayments starting the last date of the calendar month after the month in which the relevant Unit Issue Date occurs. If you apply for an Interest Loan, you will also be taken to have applied for a further Interest Loan for each subsequent Interest Period unless: ■ you elect not to draw down a further Interest Loan in a particular Interest Period and notify the Loan Provider of your intention at least 15 business days prior to the next anniversary of the relevant Unit Issue Date; ■ any of the conditions specified in a Loan Agreement are not met or not waived by the Loan Provider;[21] or ■ you submit a Withdrawal Form in relation to your investment. For Investors who choose to utilise, and are approved for an Interest Loan facility, the Loan Establishment Fee is payable in 12 equal monthly instalments over the first year of the Investment Loan. If you choose to Walk-Away on or before the first anniversary of the relevant Unit Issue Date you will be required to pay the outstanding balance of this amount, in addition to the amount under the Interest Loan. These additional payments will be direct debited from your nominated account at the same time as your Interest Loan repayments. The Interest Loan is a full recourse loan. This means that if you exercise the Walk-Away feature and the value of your Units is not enough to repay any amount outstanding on your Loans, you will need to use your own funds to cover any amount owing under the Interest Loan. Please note these outstanding Interest Loan amounts will include any applicable break costs. The amount of the applicable break costs will be determined by a number of factors including the size of your Interest Loan and movements in interest rates. If you are considering exercising the Walk-Away feature, an estimate of your break costs will be available on the Flexi Website.	
(c) Interest rates	The indicative initial interest rates for the first Interest Period of the Full Recourse Investment Loan and Limited Recourse Investment Loan, plus the optional Interest Loan for the current Offer are set out on the Flexi Website.[22] **Compulsory Investment Loan:** The interest rate on the Investment Loan may be reset annually by the Loan Provider but this rate will not increase throughout the Term and you will be advised of the annual rate prior to the anniversary of the relevant Unit Issue Date. The first interest payment date will be on the Unit Issue Date. If you exercise the Walk-Away feature or otherwise redeem your Units during the year, you will not be entitled to a refund of any of the interest payment made at the start of that year. See Section 4 of Part I 'The Loans' for more information.	

21. See Clause 2.1 in either the Loan and Put Option Agreement or Loan and Security Agreement (as applicable) in Section 5 of Part II of the PDS.
22. The actual interest rates will be determined by the Loan Provider and published on the Flexi Website approximately 3 business days prior to the relevant Offer Close date.

Topic	Summary	Further information
	1.4. RISKS	
	Like many other investment opportunities there are a number of risks that may affect the value of your investment. Some key risks of an investment in the Fund are:	Section 3 of Part I 'Risks'.
	■ **Global economic conditions:** the risk that the recent global economic downturn, and high levels of volatility in equity markets such as those seen recently, could adversely affect your investment.	Section 3.1 of Part I 'Key Risks specific to an investment in the Fund' and Section 2.3.7 of Part II 'General risks'.
	■ **Reference Asset risk:** your investment will be adversely affected if the Reference Asset relevant to your investment/s performs poorly including as a result of the recent increase in equity market uncertainty. High levels of volatility in equity markets, such as those seen in recent years, increase this risk.	Sections 2.7 of Part I 'Recovery of Interest Costs and applicable fees' for breakeven analysis.
	■ **Borrowing to invest:** there is a material risk that the total value of your returns at Maturity (if any) and Distributions paid throughout the Term will be less than your total interest payments and other costs. If this occurs you will not breakeven at Maturity. In addition, you should take into account relevant taxation considerations and the time value of money.	Section 3.1.3 of Part I 'Credit Risk – Macquarie'.
	What is the time value of money? The idea that money available at the present time is worth more than the same amount in the future, due to its potential earning capacity. For example, assuming a 5% interest rate, AUD100 invested today will be worth AUD105 in one year (AUD100 multiplied by 1.05). Conversely, AUD100 received one year from now is only worth AUD95.24 today (AUD100 divided by 1.05), assuming a 5% interest rate.	
	■ **Counterparty risk:** the value of your investment depends on the ability of the Swap Counterparty and the Collateral Counterparty to perform their obligations. The key consequences of a Counterparty not performing their obligations are:	Section 3.1.5 of Part I 'Early termination risk'.
	— Swap Counterparty: The Fund's return (if any) on the relevant Reference Asset may not be able to be realised if the Swap Counterparty (which is Macquarie Bank Limited) does not perform its obligations, which may mean you do not receive any return on your investment and are required to repay the principal and interest on your Interest Loan (if applicable) together with any break costs out of your own funds.	Section 2.2 of Part II 'Risk of Investment Linked Swap Arrangements termination or adjustment' and Section 4.1 of Part II 'Investment Linked Swap Arrangements'.

Topic	Summary	Further information
	— Collateral Counterparty: The value of your investment may not be realised if the Collateral Counterparty (which is Macquarie Bank Limited) does not repay the Cash Collateral in full at Maturity, on early termination or on exercise of the Walk-Away feature, and the Loan Provider cannot otherwise recover the Cash Collateral under the Collateral Security. If this occurs, Full Recourse Investment Loan borrowers will be required to repay the principal and interest on their Investment Loan. For Limited Recourse Investment Loan borrowers, the Loan Provider may only have recourse to their Units and their proceeds. However, borrowers under either type of Investment Loan will also be required to repay the principal and interest on any other Loan, such as their Interest Loan (if applicable) together with any break costs, out of their own funds. An Investor should not assume the Cash Collateral that the Fund deposits with the Collateral Counterparty will be a bank deposit. This means that on a winding up of the Collateral Counterparty the Fund could only rank as an unsecured creditor of the Collateral Counterparty with equal priority to other unsecured creditors. Please note that the most recent published financial reports for Macquarie Bank Limited are available at macquarie.com.au/mfg/financials. ■ **Early termination risk:** Your exposure to the Reference Asset may be terminated prior to the Maturity of the Units in a number of circumstances outlined in Section 4.1 of Part II of this PDS such as a material change in the Swap Counterparty's cost of hedging or ability to hedge its exposure, a change in the liquidity of the Reference Asset or a change in law (amongst other factors). In such circumstances, the Swap Counterparty may seek to terminate the Swap Agreement early. If this occurs you will be required to repay your Investment Loan, and any Interest Loan (together with any break costs), your Units will be redeemed and you will no longer have exposure to the Reference Asset or entitlement to any further Distributions. You will not receive a refund of any prepaid interest. ■ **Asia Long Short Classes and Asian Equity Classes – foreign exchange risk:** If you invest in any of these Unit Classes you may be exposed to foreign exchange fluctuations. Foreign exchange fluctuations may have either a positive or negative effect on the return from the Reference Asset and will affect the value of these Unit Classes throughout the Term. ■ **Interest deductibility:** the ATO may adopt a position which could lead to the denial of part or all of your tax deductions for some or all interest expenses referable to your Investment. Please note that any ATO Product Rulings issued for previously offered Unit Classes in the Fund do not apply to any Offer made under this PDS. Your investment is subject to additional risks. Accordingly, before investing in the Fund and taking out a Loan(s) you should consider carefully the risks that may affect the financial performance of the investment.	Section 3.6 of Part I 'Key risks specific to an investment in Asia Long Short Classes and Asian Equity Classes – Foreign Exchange Risk'.

Topic	Summary	Further information
	1.5. FEES AND OTHER COSTS	
(a) Fees and expenses	Fees and expenses (including Management Costs and a Loan Establishment Fee) apply to your investment in the Fund.	Section 5 of Part I 'Fees and other costs'
(b) Commissions	The Responsible Entity may pay upfront and trailing commissions to your financial adviser in respect of your Loan.	
	1.6. COOLING OFF PERIOD	
(a) What Cooling Off Period applies?	Investors in the Fund are entitled to return their Units by giving written notice to the Responsible Entity at any time within the Cooling Off Period. The Cooling Off Period is 14 days commencing on the earlier of the date the issue of Units is confirmed to you and the end of the fifth business day after the issue of Units. Investors who return their Units within the Cooling Off Period will be exposed to changes in the market value of the Reference Asset which may result in a fall in the value of their investment. However, other than in the case of a Collateral Default during the Cooling Off Period (which is only relevant for Full Recourse Investment Loan borrowers), Investors will not be required to pay any additional amounts in respect of their Investment Loan. Investors that elect to take an Interest Loan will be required to pay any break costs and the unpaid balance of the principal amount on the Interest Loan from their own funds. In the case of a Collateral Default during the Cooling Off Period, Investors who borrow using the Full Recourse Investment Loan will need to use their own funds to cover any shortfall owing under the Full Recourse Investment Loan if the value of their Units is not enough to repay any amount outstanding on their Investment Loan, including any applicable break costs. Investors will not receive a refund of that portion of the prepaid interest in respect of any Loans which relates to the period ending on the date (during the Cooling Off Period) on which you return your Units.	
	1.7. FURTHER INFORMATION	
(a) Who may apply?	An Offer is open to: ■ individuals over the age of 18 years who receive the Offer in Australia; ■ companies that receive the Offer in Australia; and ■ trustees of trusts that receive the Offer in Australia, including trustees acting in their capacity as trustees of superannuation funds (other than in respect of the Full Recourse Investment Loan and the Interest Loan which are not available to Superannuation Investors).	
(b) Minimum subscription amount	The minimum amount sought to be raised under an Offer is AUD10 million across all Unit Classes. If this minimum is not reached, the Responsible Entity may withdraw the Offer. The Responsible Entity also reserves the right to lower this minimum subscription amount. An Offer is not underwritten.	
(c) Further information	If you have read this PDS and have any questions, either before or after investing, please contact the Responsible Entity on 1800 080 033.	
(d) How to apply	If, after you have read this PDS and any Offer and all updates on the Flexi Website, you decide to apply for Units, please complete and return the accompanying Application Form or print, complete and return a copy of the Application Form from the Flexi Website.	Section 7 of Part II 'How to apply' and the Application Form accompanying this PDS.

Superannuation Funds

An investment in the Fund and taking out a Limited Recourse Investment Loan are permitted under the SIS Act for self managed superannuation funds (**'Superannuation Investors'**), provided the investment and Limited Recourse Investment Loan comply with the fund's investment strategy and trust deed.

Superannuation Investors are not permitted to take out a Full Recourse Investment Loan or an Interest Loan.

Trustees of superannuation funds who propose to invest in the Fund should be aware of their obligation 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 their fund.

This includes ensuring they are familiar with the risks involved in, and have in place adequate risk management procedures to manage the risks associated with, borrowing to fund an investment in the Fund.

Relevant to this consideration will be the risks of a leveraged investment as described in this PDS, along with factors such as the diversification of assets of the superannuation fund and the overall level of leverage of the fund.

In addition, trustees should ensure they have the power to borrow under their trust deed, as an investment in the Fund includes entry into the Limited Recourse Investment Loan.

2 / Investment options

2.1. UNIT CLASSES

Each Unit Class has the characteristics of:

(a) **one** of the Investment Opportunities in Table 2; and

(b) **one** of the Payoff Categories in Table 3.

For a list of Unit Classes currently on Offer to Investors, together with all the details of the Offer, see the Flexi Website at macquarie.com.au/flexi.[23]

Each of the Fund's Class Portfolios provides exposure referable to a Reference Asset by entering into a Swap Agreement. Please refer to Section 1 of Part II 'The Class Portfolios' for further information.

Table 2: Investment Opportunities

Investment Opportunity	Reference Asset	Exposure	Gain Currency
Australian Equity	S&P/ASX 200	200 leading companies by market capitalisation listed on the ASX.	AUD
Australian Equity Focus	Australian Equity Focus Basket	A fixed basket of 20 equally-weighted shares with a large market capitalisation listed on the ASX as at the date of the PDS.	AUD
Asia Long Short	MQ Asia Long Short Fund	The Underlying Fund Manager implements a quantitative long short strategy in pan-Asian equity markets (including Japan and Australia). The fund will typically have 600+ stock positions.	USD
Asian Equity	20% TFHK, 20% HSHSI, 20% TWY, 20% Kospi 200 and 20% SGY	TFHK and HSHSI are exchange-traded funds which seek to provide investment returns closely matching the performance of the Hang Seng Index and Hang Seng China Enterprises Index respectively. Kospi 200, TWY and SGY are market capitalisation-weighted indices of the Korean, Taiwanese and Singaporean equity markets respectively.	USD

Table 3: Payoff Categories

Payoff Category	Term[24]	Distributions	Investment strategy	Investor return at Maturity
5.5 Year Fixed Distribution Classes	5.5 Years	Fixed Distributions payable annually and at Maturity.	Constant exposure level to the Reference Asset (subject to the Hurdle and any applicable Term Performance Cap or Share Performance Cap).	(i) For the 5.5 Year Fixed Distribution Classes only, the final fixed Distribution; (ii) a potential further distribution of the income of the Fund, which is expected to be an amount equal to their Reference Asset Gain (if any); and (iii) if their Units are redeemed, the proceeds from the redemption of their Units, which should be equal to their Investment Amount, which will be used to repay their Investment Loan.[26]
3.5 Year Fixed Distribution Classes	3.5 Years	Fixed Distributions payable annually.		
Variable Distribution Classes	3 Years	Variable performance-based[25] Distributions paid annually (subject to the relevant Annual Performance Cap).	Constant exposure level to the Reference Asset (subject to any applicable Annual Performance Cap).	(i) Their Distribution for the final Distribution Period, being the positive performance[25] (if any) of the relevant Reference Asset for the Distribution Period 3, subject to the relevant Annual Performance Cap (if any); and (ii) if their Units are redeemed, the proceeds from the redemption of their Units, which should be equal to their Investment Amount, which will be used to repay their Investment Loan.[26]

23. Note that information about the Maturity Dates, indicative Share Performance Caps, Term Performance Caps and Annual Performance Caps (as applicable) and Minimum Performance Caps for each Unit Class on Offer to Investors at any point in time is available on the Flexi Website.
24. Approximate Term only. Refer to Section 1.2(f) of Part I for further information. Also subject to early termination risk; see Sections 1.4 of Part I 'Risks' and 3.1.5 of Part I 'Early Termination Risk' for more details.
25. For any Asia Long Short Class and Asian Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Section 5.3.10 of Part I 'Fees specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees specific to Asian Equity Classes' for more details.
26. Proceeds from redemption of Units may be less than this amount if there have been any events of default under the Collateral Agreement or the Responsible Entity has been indemnified by the Fund. See Sections 4.1 and 4.4 of Part II of the PDS for more information.

2.2. DESCRIPTION OF THE REFERENCE ASSETS

2.2.1. Australian Equity Classes: The S&P/ASX 200 Index

The Reference Asset for each Australian Equity Class is the S&P/ASX 200 Index. The S&P/ASX 200 Index was first published on 31 March 2000 and is a market-capitalisation weighted and float-adjusted stock market index of Australian stocks listed on the Australian Securities Exchange from Standard & Poor's.

Figure 1 shows the past performance of the S&P/ASX 200 Index since March 2000. As the value of Units is dependant on other variables as well as the positive performance (if any) of the Reference Asset, as described below, this graph is not necessarily indicative of returns to Investors in an Australian Equity Class. In particular you should note that the performance of an Australian Equity Class will not necessarily correspond to the performance of the S&P/ASX 200 Index because:

- returns for Investors in an Australian Equity Class may be adjusted to take account of a Term Performance Cap or Annual Performance Cap (described in Sections 2.3 and 2.4 of Part I of the PDS respectively);
- Distributions may be paid from the Fund which are not reflected in the value of the S&P/ASX 200 Index; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements as outlined in Section 2.6.2 of Part I of the PDS.

Figure 1: Historical performance of the S&P/ASX 200 Index

Source: Bloomberg L.P.[27]

You should note that past performance of the S&P/ASX 200 Index is not an indicator of its future performance or the performance of an investment in the Fund.

27. Bloomberg L.P. has published this trading data and has not consented to the use of the trading data in this PDS. This graph was produced by the Issuer, not by Bloomberg (based on the trading data obtained from Bloomberg).

2.2.2. Australian Equity Focus Classes: Australian Equity Focus Basket

The Reference Asset for each Australian Equity Focus Class is the Australian Equity Focus Basket. This will be a fixed basket comprising 20 shares listed on the ASX with a large market capitalisation as at the date of this PDS (each a **'Reference Asset Constituent'**). Each share will have an equal Weight of 5%. These Reference Asset Constituents, and their Weights, will not change over the Term except in limited circumstances. See Section 4.1.3 of Part II of this PDS for more information.

A list of the Reference Asset Constituents is in Table 4 below. Please note that the shares in Table 4 have been selected as Reference Asset Constituents due to their large market capitalisation and share trading liquidity, and not on their past or any expected future performance. Accordingly, the basket composition does not represent an investment recommendation by the Responsible Entity to Investors.

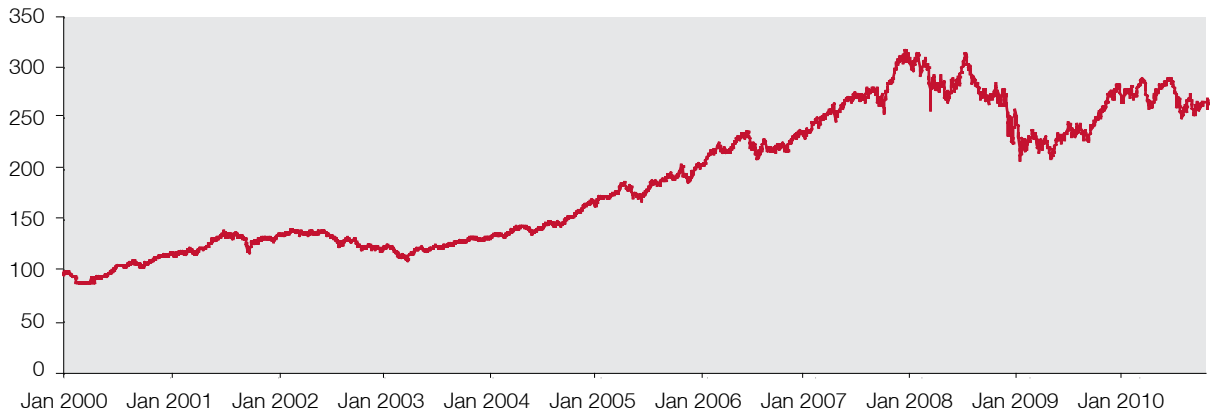
Table 4: Details of the Reference Asset Constituents for the Australian Equity Focus Basket

Reference Asset Constituent	ASX Code	Reference Asset Constituent	ASX Code
Amcor Limited	AMC	Origin Energy Limited	ORG
AMP Limited	AMP	QBE Insurance Group Limited	QBE
Australia and New Zealand Banking Group Limited	ANZ	Rio Tinto Limited	RIO
BHP Billiton Limited	BHP	Suncorp-Metway Limited	SUN
Brambles Limited	BXB	Telstra Corporation Limited	TLS
Commonwealth Bank of Australia	CBA	Wesfarmers Limited	WES
CSL Limited	CSL	Westfield Group	WDC
Foster's Group Limited	FGL	Westpac Banking Corporation	WBC
National Australia Bank Limited	NAB	Woodside Petroleum Limited	WPL
Newcrest Mining Limited	NCM	Woolworths Limited	WOW

Figure 2 shows the past performance of an equally weighted basket of the Reference Asset Constituents since January 2000 (although prior to July 2004, the basket excludes Westfield Group). As the value of Units is dependant on other variables as well as the positive performance (if any) of the Reference Asset, as described below, this graph is not necessarily indicative of returns to any Unit Class in the Fund. In particular, you should note that the performance of an Australian Equity Focus Class will not necessarily correspond to the performance of the Reference Asset Constituents because:

- returns for Investors in an Australian Equity Focus Class will be adjusted to take account of the relevant Share Performance Caps (as described below) or Annual Performance Cap (described in Section 2.4 of Part I of the PDS);
- Distributions may be paid from the Fund which are not reflected in the value of an Australian Equity Focus Class; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements (outlined in Section 2.6.2 of the PDS).

Figure 2: Historical performance of an equally-weighted basket of the Reference Asset Constituents for the Australian Equity Focus Basket



Source: Bloomberg L.P.[28]

You should also note that past performance of the Reference Asset Constituents is not an indicator of future performance or the performance of an investment in the Fund.

28. Bloomberg L.P. has published this trading data and has not consented to the use of the trading data in this PDS. This graph was produced by the Issuer, not by Bloomberg (based on the trading data obtained from Bloomberg).

Share Performance Cap and returns at Maturity

For the Australian Equity Focus Fixed Distribution Classes:

- a **'Share Performance Cap'** applies to the individual performance of each Reference Asset Constituent (that is, each of the 20 shares in the basket) and not to the performance of the whole basket, as with a Term Performance Cap. See 'How is the Closing Level of the Reference Asset calculated?' in this section; and
- on the Swap Valuation Date, the excess return of the basket (if any) above the Hurdle is multiplied by 150%. See Section 2.3.2 of Part I of the PDS 'What return will I receive at Maturity?' for more information.

How is the Closing Level of the Reference Asset calculated?

The Closing Level of the Reference Asset on the Swap Start Date (the '**Initial Investment Level**') is set to 100.

The Closing Level of the Reference Asset may be determined on any date (on or prior to the Maturity Date), assuming early termination has not occurred, using the following steps:

(1) For each Reference Asset Constituent, determine the **Constituent Start Level**.

(2) For each Reference Asset Constituent, determine the **Constituent Closing Level** on the required date.

(3) For each Reference Asset Constituent, subtract the Constituent Start Level from the Constituent Closing Level. This represents the gross return on each Reference Asset Constituent.

(4) For each Reference Asset Constituent, divide the result from step (3) by the Constituent Start Level. This represents the percentage change in each Reference Asset Constituent.

(5) For each Reference Asset Constituent, take the lesser of the result from step (4) and the **Share Performance Cap**.

(6) For each Reference Asset Constituent, multiply the result from step (5) by a Weight of 5%.

(7) Add together the results of step (6) for each Reference Asset Constituent.

(8) Add 1 to the result of step (7), and multiply by 100.

To receive a positive return, the Closing Level of the Reference Asset on the relevant day must be higher than its level on the Swap Start Date, which is 100 for each Australian Equity Focus Class.

Please note that on the occurrence of a corporate event or adjustment event, the calculation of the Constituent Start Level and Constituent Closing Level for a Reference Asset Constituent may be adjusted by the Swap Counterparty. See Section 4.1.3 of Part II of the PDS for more information.

WORKED EXAMPLE OF THE CLOSING LEVEL OF THE REFERENCE ASSET FOR AN AUSTRALIAN EQUITY FOCUS CLASS 5.5 YEAR FIXED DISTRIBUTION CLASS

For the purposes of this example, it is assumed that:

- of the 20 Reference Asset Constituents, only 3 shares will have particular values and performance shown below and the remaining 17 shares will all have the same values and performance shown for shares 4-20; and
- the Share Performance Cap for the Australian Equity Focus 5.5 Year Fixed Distribution Class is 100%.

Steps		Reference Asset Constituents			
Assume that:		**Share 1**	**Share 2**	**Share 3**	**Shares 4–20**
1.	**Closing Level on Swap Start Date**	AUD5	AUD23	AUD40	AUD10
2.	**Closing Level on Swap Valuation Date**	AUD12	AUD31	AUD35	AUD13
3.	**Gross Return (2) – (1)**	AUD7	AUD8	-AUD5	AUD3
4.	**Percentage change (3) / (1)**	140.00%	34.78%	-12.50%	30.00%
5.	**Capped Level**	100.00%	34.78%	-12.50%	30.00%
6.	**Weighting**	5.00%	5.00%	5.00%	5.00% (each share)
7.	**Weighted Return**	5.00%	1.74%	-0.63%	1.50%
8.	**Closing Level of Reference Asset**	1 + (5.00% + 1.74% - 0.63% + 1.50% x 17) = 1.3161 1.3161 x 100 = 131.61			
Therefore the Closing Level of the Reference Asset on the Swap Valuation Date is 131.61					

There are certain risks associated with the Australian Equity Focus Basket. See Section 3.4 of Part I of the PDS for more information.

2.2.3. Asia Long Short Classes: The MQ Asia Long Short Fund

The Reference Asset for each Asia Long Short Class, the MQ Asia Long Short Fund, is a USD denominated fund managed by MQ Specialist Investment Management Limited ABN 84 086 438 995 (the **'Underlying Fund Manager'**). The MQ Asia Long Short Fund is structured as a Cayman Islands company which in turn invests all, or substantially all, of its assets in an underlying fund. References in Table 5 to the MQ Asia Long Short Fund investing in assets are to the MQ Asia Long Short Fund investing indirectly through the underlying fund. MQ Specialist Investment Management Limited is part of Macquarie Funds Group, a division of the Macquarie Group. Macquarie Funds Group is a full service fund manager with over 25 years experience and offering a diverse range of products including managed funds across a wide range of asset classes, funds-based structured products, hedge funds and funds of funds. As of 31 July 2010, Macquarie Funds Group had approximately AUD220 billion in funds under management.

The guidelines within which the Underlying Fund Manager works in relation to managing the MQ Asia Long Short Fund are outlined in Table 5 below.

Table 5: Overview of the MQ Asia Long Short Fund

Overview	The MQ Asia Long Short Fund aims to achieve absolute returns with lower risk than the Asian markets.
Investment strategy	The Underlying Fund Manager uses a dynamic stock portfolio selection process which incorporates a country allocation model, security selection analysis and risk management constraints. The country allocation model determines how the MQ Asia Long Short Fund's underlying assets may be allocated to countries within Asia. The country allocation model is based on a number of factors including valuation, risk premium and analyst sentiment. Independently of the country allocation analysis, the Underlying Fund Manager quantitatively analyses the 'investment universe' to identify securities that are expected to out-perform or under-perform due to particular market characteristics. When analysing the securities in the investment universe the Underlying Fund Manager may consider, amongst other things, the following: ■ Turnaround plays – buying shares that have had recent poor performance but are beginning to show short-term momentum; ■ Announcements that surprise brokers – buying or selling shares in entities that make a positive or negative market announcement but which are rated poorly or highly by the investment community; ■ Value – buying or selling shares that the Underlying Fund Manager considers underpriced or overpriced by the market; and ■ Winners/losers – buying (or selling) shares that rate well (or poorly) based on a number of factors including valuation, analyst sentiment, momentum and quality factors Once the country allocation model and security selection analysis are applied, the Underlying Fund Manager must balance the pool of securities identified by each method. The Underlying Fund Manager also takes into account investment constraints in order to manage risk. These include limits on the size of an investment in a particular security or country. The MQ Asia Long Short Fund may invest in a number of countries throughout the Asia-Pacific region, including but not limited to: Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand. The MQ Asia Long Short Fund invests in listed securities and instruments such as shares, futures, swaps, contracts for difference, and approved cash deposits and cash equivalents.
Use of derivatives	As the MQ Asia Long Short Fund is a hedge fund, the Underlying Fund Manager has a broad investment mandate that will permit the MQ Asia Long Short Fund to be invested in a wide range of assets (including derivatives) with the aim of maximising the MQ Asia Long Short Fund's risk adjusted returns (although there is a risk that this may also have an adverse effect on the value of the MQ Asia Long Short Fund). The MQ Asia Long Short Fund may use derivatives for hedging the overall exposure of the Fund. Further, the MQ Asia Long Short Fund may use derivatives such as contracts for difference to achieve additional exposure to the particular investments.
Borrowing	The MQ Asia Long Short Fund has the ability to borrow cash or use derivatives to leverage exposures within the MQ Asia Long Short Fund.
Currency hedging	The Underlying Fund Manager may employ currency hedging techniques but these will not completely remove the risk of a foreign currency exposure.

Composition of the MQ Asia Long Short Fund

As of 13 August 2010, the MQ Asia Long Short Fund had a total of 922 positions in Asian equities, consisting of 561 long positions and 361 short positions. The MQ Asia Long Short Fund aims for a net exposure of between 0% and 30%.

What are long and short positions?

A long position is the term used to describe when a security is bought with the expectation it will rise in value. This means the value of a long position will increase if the value of the underlying security increases.

A short position describes when a security is borrowed and then sold with the expectation it will fall in value. When the security has to be returned from whom it was borrowed it can be bought on the open market for less than it was sold for, thus making a profit. This means the value of a short position increases when the value of the underlying security decreases.

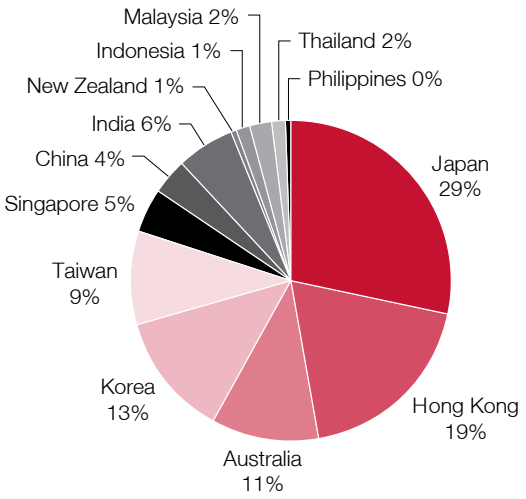
By using short positions a fund can achieve exposure to the underlying investments which is greater than the amount of money invested in the fund, similar to the way that gearing can increase exposure within a fund.

The net exposure is measured by the difference between the long and the short position exposure. If a fund has a long position exposure that is equal to the short position exposure, then the fund's net exposure is 0%. Note that the fund is still exposed to the price movements in the actual long and short stocks held by the fund. A net exposure of -20% means 20% more exposure to short positions than long positions, and indicates that the fund manager generally expects the market will fall. A net exposure of 20% means 20% more exposure to long positions than short positions, and indicates that the fund manager generally expects the market to rise.

The gross exposure is the aggregate exposure of all long position and short position exposure. If a fund has a long position exposure of 100% of the amount invested in the fund and a short position exposure of 100% of the amount invested in the fund, then the gross exposure will be 200% of the amount invested in the fund, and the net exposure will be 0%.

The MQ Asia Long Short Fund currently aims for net exposure between 0 % and 30% and a gross exposure between 70% and 300%, with a maximum gross exposure of 300% of the amount invested in the MQ Asia Long Short Fund. These limits and indicative net exposure goals can change at the discretion of the Underlying Fund Manager.

Figure 3: Geographical allocation of the MQ Asia Long Short Fund as at 13 August 2010.



The top ten holdings in both long and short positions as at 13 August 2010 are shown in Table 6 below.

Table 6: Top 10 long and short holdings of the MQ Asia Long Short Fund

Top 10 Long		Top 10 Short	
Market	**Share**	**Market**	**Share**
Korea	KANGWON LAND INCORPORATED(P)	Hong Kong	CHINA UNICOM (HK) LTD
Japan	NIHON KOHDEN CORPORATION	Japan	FAST RETAILING
Japan	NIPPON ELECTRIC GLASS	Hong Kong	CHINA FOODS LTD
Taiwan	HTC CORPORATION	India	TATA MOTORS LTD
Singapore	KEPPEL CORPORATION LTD	Hong Kong	LI & FUNG LTD
Korea	HONAM PETROCHEMICAL(P)	Korea	HANJIN HEAVY INDUSTRIES & CON(P)
Korea	HYUNDAI MOBIS(P)	Hong Kong	HSBC HOLDINGS PLC
Singapore	SEMBCORP INDUSTRIES LTD	Japan	HITACHI CONSTR MACHRY CO
Japan	FCC CO LTD	Australia	ALUMINA LIMITED
Hong Kong	SINOPEC SHANGHAI PETROCHEMICAL C	Japan	PANASONIC CORPORATION

Figure 3 and Table 6 show the characteristics of the MQ Asia Long Short Fund as at 13 August 2010. These may differ materially in the future based on investment decisions of the Underlying Fund Manager.

Figure 4 shows the past performance of the MQ Asia Long Short Fund since 31 July 2006. As the value of Units is dependant on other variables as well as the performance of the Reference Asset, as described below, this graph is not necessarily indicative of returns to Investors in an Asia Long Short Class. In particular you should note that the performance of an Asia Long Short Class will not necessarily correspond to the performance of the net asset value of the MQ Asia Long Short Fund because:

- returns for Investors in an Asia Long Short Class may be adjusted to take account of the applicable Term Performance Cap and Annual Performance Cap (described in 2.3 and 2.4 of Part I of the PDS respectively);
- Distributions may be paid from the Fund which are not reflected in the value of an Asia Long Short Class; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements as outlined in Section 2.6.2 of Part I of the PDS.

Figure 4: Historical performance of the MQ Asia Long Short Fund (in USD)

Source: Bloomberg L.P.[29]

You should note that past performance of the Underlying Fund Manager is not an indicator of its future performance or the performance of an investment in an Asia Long Short Class.

Please note that the name of the MQ Asia Long Short Fund will change to the Macquarie Asian Alpha Fund on or around 17 September 2010. This will be a change in name only, and the investment strategy will not be affected. Please refer to the Flexi Website for any updates in relation to this change of name.

There are certain risks associated with the MQ Asia Long Short Fund. For more information, see Sections 3.5, 3.6 and 3.7 of Part I of the PDS.

29. Bloomberg L.P. has published this trading data and has not consented to the use of the trading data in this PDS. This graph was produced by the Issuer, not by Bloomberg (based on the trading data obtained from Bloomberg).

2.2.4. Asian Equity Classes: The Hang Seng H-Share Index ETF, Tracker Fund of Hong Kong, MSCI Taiwan Index, Kospi 200 Index and MSCI Singapore Index

The Reference Asset for each Asian Equity Class is an equally-weighted basket of stock market indices or index tracking funds for China, Hong Kong, Taiwan, South Korea and Singapore as referred to in Table 7 below (together the **'Reference Asset Constituents'**).

The index tracking funds are exchange-traded funds ('**ETFs**'), meaning that they are investment funds that are listed and traded on stock exchanges and can be bought and sold in a similar manner to shares in a company that is listed and traded on a stock exchange.

Table 7: Details of the Reference Asset Constituents for Asian Equity Classes

Reference Asset Constituent	Weight	Regional Exposure
Hang Seng H-Share Index ETF ('HSHSI')	20%	China
Tracker Fund of Hong Kong ('TFHK')	20%	Hong Kong
MSCI Taiwan Index ('TWY')	20%	Taiwan
Kospi 200 Index ('Kospi 200')	20%	South Korea
MSCI Singapore Index ('SGY')	20%	Singapore

The composition of the Reference Asset (including the Weights) may change in certain circumstances, such as when an extraordinary or review event occurs.

The Hang Seng H-Share Index ETF (HSHSI)
The HSHSI is an ETF established in Hong Kong. The fund's objective is to provide investment returns that match the performance of the Hang Seng China Enterprises Index (**'H-Share Index'**). The fund invests in constituent securities of the H-Share Index.

The Tracker Fund of Hong Kong (TFHK)
The TFHK is an ETF registered in Hong Kong. The fund seeks to provide investment results that closely correspond to the performance of the Hang Seng Index through investing all, or substantially all, of the fund's assets in index shares in substantially the same weightings as they appear in the Hang Seng Index.

The MSCI Taiwan Index (TWY)
The MSCI Taiwan Index is a free float-adjusted market capitalisation weighted index that is designed to track the equity market performance of Taiwanese securities listed on the Taiwan Stock Exchange. The MSCI Taiwan Index is denominated in Taiwan dollars and takes into account price performance of the constituent stocks only. The MSCI Taiwan Index is constructed based on the MSCI Global Investable Market Indices Methodology, targeting a free float-market capitalisation coverage of 85%. As of 17 August 2010, the MSCI Taiwan Index consisted of 118 stocks.

The Kospi 200 Index (Kospi 200)
The Kospi 200 Index is a capitalisation weighted index of 200 Korean securities which make up 93% of the total market value of the Korea Stock Exchange.

The MSCI Singapore Index (SGY)
The MSCI Singapore Index is a free float-adjusted market capitalisation weighted index that is designed to track the equity market performance of Singapore securities listed on the Singapore Stock Exchange. The MSCI Singapore Index is denominated in Singapore dollars and takes into account price performance of the constituent stocks only. The MSCI Singapore Index is constructed based on the MSCI Global Investable Market Indices Methodology targeting a free float-market capitalisation coverage of 85%. As of 17 August 2010, the MSCI Singapore Index consisted of 30 stocks.

Figure 5 shows the past performance of an equally weighted basket of the Reference Asset Constituents since December 2003. As the value of Units is dependant on other variables as well as the positive performance (if any) of the Reference Asset, as described below, this graph is not necessarily indicative of returns to any Unit Class in the Fund. In particular, you should note that the performance of an Asian Equity Class will not necessarily correspond to the performance of the Reference Asset Constituents because:

- returns for Investors in an Asian Equity Class may be adjusted to take account of the Term Performance Cap or Annual Performance Cap (described in Sections 2.3 and 2.4 of Part I of the PDS respectively);
- distributions may be paid from the Fund which are not reflected in the value of an Asian Equity Class; and
- prior to Maturity, other key factors will affect the value of the Investment Linked Swap Arrangements as outlined in Section 2.6.2 of Part I of the PDS.

You should also note that past performance of the Reference Asset Constituents is not an indicator of future performance or the performance of an investment in the Fund.

Figure 5: Historical performance of an equally-weighted basket of the Reference Asset Constituents for the Asian Equity Classes

Source: Bloomberg L.P.[30]

How is the Closing Level of the Asian Equity Classes Reference Asset calculated?

The Closing Level of the Reference Asset may be determined on any date (on or prior to the Maturity Date), assuming early termination has not occurred, using the following steps:

(1) For each Reference Asset Constituent, determine the **Constituent Start Level**.

(2) For each Reference Asset Constituent, determine the **Constituent Closing Level** on the required date.

(3) For each Reference Asset Constituent, subtract the result in step (1) from step (2). This represents the gross return on each Reference Asset Constituent.

(4) For each Reference Asset Constituent, divide the result of step (3) by step (1). This represents the percentage change in each Reference Asset Constituent.

(5) For each Reference Asset Constituent, multiply the result of step (4) by the relevant Weight as identified in Table 7.

(6) Add together the results of step (5) for each Reference Asset Constituent.

(7) Add 1 to the result of step (6), and multiply by 100.

To receive a positive return, the Closing Level of the Reference Asset on the relevant day must be higher than its level on the Swap Start Date, which is 100 for each Asian Equity Class.

30. Bloomberg L.P. has published this trading data and has not consented to the use of the trading data in this PDS. This graph was produced by the Issuer, not by Bloomberg (based on the trading data obtained from Bloomberg).

WORKED EXAMPLE OF THE CLOSING LEVEL OF THE REFERENCE ASSET FOR AN ASIAN EQUITY CLASS WHICH IS A 5.5 YEAR FIXED DISTRIBUTION CLASS

Assume that:

On the Swap Start Date, the closing level of the TFHK is HKD21.50 per unit, the HSHSI is HKD120.00 per unit, the TWY is 280, the Kospi 200 is 230 and the SGY is 345.

At the Swap Valuation Date the Closing Levels are HKD25.00 per unit for the TFHK, HKD160.00 for the HSHSI , 262.5 for the TWY, 242 for the Kospi 200 and 396 for the SGY.

The return for this Unit Class would be calculated as follows:

Steps	Reference Asset Constituents				
Assume that:	**TFHK**	**HSHSI**	**TWY**	**Kospi 200**	**SGY**
1. Closing Level on Swap Start Date	HKD21.50	HKD120.00	280	230	345
2. Closing Level on Swap Valuation Date	HKD25.00	HKD160.00	262.5	242	396
3. Gross Return (2) – (1)	HKD3.50 per Unit	HKD40.00 per Unit	-17.5	12	51
4. Percentage Change (3) / (1)	16.28%	33.33%	-6.25%	5.22%	14.78%
5. Weighting	20%	20%	20%	20%	20%
6. Total for each Reference Asset Constituent (4) x (5)	3.26%	6.67%	-1.25%	1.04%	2.96%
7. Closing level of the Reference Asset	1 + (3.26% + 6.67% - 1.25% + 1.04% + 2.96%) = 1.1268 1.1268 x 100 = 112.68				
Therefore, the Closing Level of the Reference Asset on the Swap Valuation Date is **112.68**.					

There are certain risks associated with Asian Equity basket. For more information see Sections 3.6, 3.7 and 3.8 of Part I of the PDS.

2.3. THE FIXED DISTRIBUTION CLASSES – DISTRIBUTIONS AND RETURN AT MATURITY

2.3.1. What Distributions could I be entitled to during the Term?

Each Fixed Distribution Class will pay an annual Distribution throughout the Term.

Table 8 shows how the Distribution Rate will be determined and the relevant Distribution Date for each Fixed Distribution Class.

The Distribution Rates and Distribution Dates for each Unit Class on Offer to Investors at any point in time are available on the Flexi Website.

Table 8: Distributions for Fixed Distribution Classes

Payoff Category	How the Distribution Rate is determined	Relevant Distribution Date
5.5 Year Fixed Distribution Classes	Fixed amount per annum, payable at the end of each year throughout the Term. Fixed amount payable at Maturity.	On or about each anniversary of the relevant Unit Issue Date, and the relevant Maturity Date, both as specified on the Flexi Website.
3.5 Year Fixed Distribution Classes	Fixed amount per annum, payable at the end of years 1 and 2 of the Term. Fixed amount (potentially different to that at the end of years 1 and 2) payable at the end of year 3 of the Term. There is no Distribution paid at Maturity.	On or about each anniversary of the relevant Unit Issue Date, as specified on the Flexi Website.

For a Fixed Distribution Class, the amount paid in Distributions throughout the Term will represent the Hurdle when calculating your Reference Asset Gain at Maturity.

For Investors in a Fixed Distribution Class, Distributions will only be payable to Investors who have chosen not to exercise the Walk-Away feature of the Investment Loan on or before the relevant Distribution Date.

Any Distributions that you become entitled to at the end of any year during the Term of your Investment will be automatically applied to pay amounts payable by you to the Loan Provider (such as the interest payable on your Investment Loan for the following Interest Period). If the amount of a Distribution for a year that is applied to make such payments on your Loans is less than the amount payable by you to the Loan Provider, then the balance must be paid by you. See Section 4.1.3 Part I 'Interest on the Investment Loan' for more information.

2.3.2. What return will I receive at Maturity?

The Term Performance Cap

For an investment in a Fixed Distribution Class (other than an Australian Equity Focus Fixed Distribution Class), a cap may be placed on the Final Investment Level of the Reference Asset, and accordingly may affect your Reference Asset Gain at Maturity. The cap is expressed as a percentage of the Initial Investment Level of the Reference Asset (the **'Term Performance Cap'**). For each Fixed Distribution Class where the Gain Currency is not denominated in AUD, the Term Performance Cap (if any), affects the value of your Reference Asset Gain calculated in that Gain Currency, although the Reference Asset Gain will be paid in AUD.

The Share Performance Cap

For an investment in an Australian Equity Focus Fixed Distribution Class, a cap may be placed on the individual performance of each Reference Asset Constituent, and accordingly may affect your Reference Asset Gain at Maturity. The cap is expressed as a percentage of the Constituent Start Level.

Indicative Term Performance Caps and Share Performance Caps for Unit Classes on Offer to Investors at any point in time are available on the Flexi Website.

The actual Term Performance Caps and Share Performance Caps will be determined on or before the Swap Start Date and listed on the Flexi Website. These could be lower than the indicative Term Performance Caps and Share Performance Caps depending on market conditions at that time, in particular, the level and volatility of the relevant Reference Asset and the level of interest rates. However, Units in a Unit Class will be withdrawn if the Term Performance Cap or Share Performance Cap for the relevant Unit Class is not at least equal to the Minimum Performance Cap as stated on the Flexi Website. In such an instance:

- your Units in that Unit Class will be redeemed for AUD1.00 per Unit; and
- any Loans will be terminated and prepaid interest and any Loan fees fully refunded.

A Fixed Distribution Class that is not an Australian Equity Focus Fixed Distribution Class may not have an indicative Term Performance Cap; that is, it is expected that no cap will be placed on the Final Investment Level of the Reference Asset. As noted above, this will not be confirmed until the applicable Swap Start Date, meaning that a Term Performance Cap may apply for these Unit Classes. However, the cap will not be less than the relevant Minimum Performance Cap for that Unit Class as stated on the Flexi Website.

The Hurdle

For an investment in a Fixed Distribution Class, your Reference Asset Gain at Maturity will broadly represent any increase in the value of the Reference Asset over the Hurdle (subject to the relevant Term Performance Cap or Share Performance Cap). The Hurdle is the amount paid to Investors in fixed Distributions throughout the Term. Hurdles for the Fixed Distribution Classes on Offer to Investors at any point in time are available on the Flexi Website.

At Maturity you will receive:

- for the 5.5 Year Fixed Distribution Classes only, a Distribution expressed as a percentage of your Investment Amount;
- a potential further distribution of the income of the Fund, which is expected to be an amount equal to your Reference Asset Gain (if any); and
- if your Units are redeemed, the proceeds from the redemption of your Units, which should be equal to your Investment Amount, which will be used to repay your Investment Loan.[31]

Where you have an Interest Loan, your Reference Asset Gain will be applied to repay any amount outstanding in respect of your Interest Loan.

31. Proceeds from redemption of Units may be less than this amount if there have been any events of default under the Collateral Agreement or the Responsible Entity has been indemnified by the Fund. See Sections 4.1 and 4.4 of Part II of the PDS for more information.

Reference Asset Gain

Your Reference Asset Gain represents any increase in the Reference Asset from the Swap Start Date to the Swap Valuation Date, in excess of the Hurdle, subject to the Term Performance Cap (if any).

For an Australian Equity Fixed Distribution Class, which is denominated in AUD, your Reference Asset Gain is calculated as the greater of:

(a) zero; and

(b) $\frac{\text{(Final Investment Level – Hurdle)}}{\text{Initial Investment Level}} \times \text{Investment Amount}$

For an Australian Equity Focus Fixed Distribution Class, which is also denominated in AUD, your Reference Asset Gain is calculated as the greater of:

(a) zero; and

(b) $\frac{\text{(Final Investment Level – Hurdle)}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times 150\%$

For a Fixed Distribution Class denominated in a Gain Currency other than AUD, your Reference Asset Gain is calculated as the greater of:

(a) zero; and

(b) $\frac{\text{(Final Investment Level – Hurdle)}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times \frac{\text{initial Exchange Rate}}{\text{closing Exchange Rate}}$

where:

Initial Investment Level is the Closing Level of the Reference Asset at the Swap Start Date;

Final Investment Level is:

(a) for Fixed Distribution Classes that are not Australian Equity Focus Classes, the lesser of:

(i) the Closing Level of the Reference Asset at the Swap Valuation Date; and

(ii) Initial Investment Level + (Initial Investment Level x the Term Performance Cap); and

(b) for any Australian Equity Focus Fixed Distribution Class, the Closing Level of the Reference Asset at the Swap Valuation Date.

EXAMPLE OF REFERENCE ASSET GAIN FOR AN AUSTRALIAN EQUITY 5.5 YEAR FIXED DISTRIBUTION CLASS

If you invest AUD 100,000 into a Fixed Distribution Class that is also an Australian Equity Class and assume that:

- the Initial Investment Level of the Reference Asset is 4,300;
- the Hurdle = 4,300 x 122% = 5,246;
- the Closing Level of the Reference Asset on the Swap Valuation Date is 8,700; and
- the Term Performance Cap of your Reference Asset Gain is 100%.

The Final Investment Level would be equal to the **lesser** of:

a) 8,700 and

b) 4,300 + (4,300 x 100%) = 8,600

As the Closing Level of the Reference Asset on the Swap Valuation Date of 8,700 is more than the capped Final Investment Level of 8,600, the Final Investment Level will be 8,600.

Your Reference Asset Gain is calculated as the greater of zero and:

$$\frac{\text{(Final Investment Level – Hurdle)}}{\text{Initial Investment Level}} \times \text{Investment Amount}$$

Therefore your Reference Asset Gain would be equal to:

$$\frac{8{,}600 - 5{,}246}{4{,}300} \times \text{AUD100,000}$$

Reference Asset Gain = AUD78,000

EXAMPLE OF REFERENCE ASSET GAIN FOR AN AUSTRALIAN EQUITY FOCUS 5.5 YEAR FIXED DISTRIBUTION CLASS

If you invest AUD100,000 into an Australian Equity Focus 5.5 Year Fixed Distribution Class and assume that:

- the Initial Investment Level is 100;
- the Share Performance Cap is 100%;
- the Hurdle = 100 x 122% = 122; and
- the Closing Level of the Reference Asset on the Swap Valuation Date is 131.61 (refer to the worked example in Section 2.2.2).

The Final Investment Level is 131.61.

Your Reference Asset Gain is the greater of zero and:

$$\frac{\text{(Final Investment Level – Hurdle)}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times 150\%$$

Therefore, your Reference Asset Gain would be equal to:

$$\frac{131.61 - 122}{100} \times \text{AUD100,000} \times 150\%$$

Reference Asset Gain = AUD14,415

EXAMPLE OF REFERENCE ASSET GAIN FOR AN ASIA LONG SHORT 3.5 YEAR FIXED DISTRIBUTION CLASS

If you invest AUD 100,000 into an Asia Long Short 3.5 Year Fixed Distribution Class and assume that:

- the Initial Investment Level of the Reference Asset is USD1,050 per share;
- the Closing Level of the Reference Asset on the Swap Valuation Date is USD1,300;
- the Hurdle = USD1,050 x 116.25%= USD1,221;
- there is no Term Performance Cap;
- the initial AUD:USD Exchange Rate is 0.85; and
- the closing AUD:USD Exchange Rate is 0.80.

The Final Investment Level would be equal to USD1,300.

Your Reference Asset Gain is calculated as the greater of zero and:

$$\frac{\text{(Final Investment Level – Hurdle)}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times \frac{\text{initial Exchange Rate}}{\text{closing Exchange Rate}}$$

Therefore your Reference Asset Gain would be equal to:

$$\frac{\text{USD1,300} - \text{USD1,221}}{\text{USD1,050}} \times \text{AUD100,000} \times \frac{0.85}{0.80}$$

Reference Asset Gain = AUD7,994

The above examples have been provided for illustrative purposes only, and are not intended to be indicative of the performance of any Unit Class within the Fund. The example provides an illustration of how returns will be calculated by applying the relevant calculations to hypothetical examples.

2.4. THE VARIABLE DISTRIBUTION CLASSES – DISTRIBUTIONS AND RETURN AT MATURITY

Each Variable Distribution Class may pay an annual Distribution throughout the Term.

Table 9 shows how the Distribution Rate will be determined and the relevant Distribution Date for each Unit Class.

The specific Distribution Rates and Distribution Dates for each Variable Distribution Class on Offer to Investors at any point in time, and the Reference Asset Valuation Dates (for Variable Distribution Classes only) are available on the Flexi Website.

Table 9: Distributions for Variable Distribution Classes

Payoff Category	How the Distribution Rate is determined	Relevant Distribution Date
Variable Distribution Classes	Variable amount determined at the Reference Asset Valuation Date based on the positive performance[32] (if any) of the Reference Asset during that Distribution Period[33] subject to the relevant Annual Performance Cap (if applicable).	On or about each anniversary of the relevant Unit Issue Date as specified on the Flexi Website.

2.4.1. What Distributions will I be entitled to over the Term?

For a Variable Distribution Class, any Distribution payable at the end of each Distribution Period will represent the increase[34] (if any) of the Reference Asset over that period subject to the relevant Annual Performance Caps (if any).

The Annual Performance Cap

For an investment in a Variable Distribution Class, a cap may be placed on the Reference Asset Level, and accordingly may cap the value of the potential annual Distribution as a percentage of your Investment Amount (the **'Annual Performance Cap'**). For a Variable Distribution Class with a Gain Currency other than AUD, the Annual Performance Cap applies to the value of the potential annual Distribution in that Gain Currency, although the Distribution will be converted and paid to you in AUD.

The indicative Annual Performance Caps for the first Distribution Period are available on the Flexi Website.

The actual Annual Performance Caps for the first Distribution Period will be determined as at the Swap Start Date and listed on the Flexi Website. These could be lower than the indicative Annual Performance Caps depending on market conditions at that time, in particular, the level and volatility of the relevant Reference Asset, and the level of interest rates. However, Units in a Unit Class will be withdrawn if the Annual Performance Cap for the first Distribution Period for the relevant Unit Class is not at least equal to the Minimum Performance Cap as stated on the Flexi Website. In such an instance:

- your Units in that Class will be redeemed for AUD1.00 per Unit; and
- for Distribution Period 1, any Loans will be terminated and prepaid interest and any Loan fees fully refunded.

The Annual Performance Caps to apply for the second and third Distribution Periods will be advised on or around the last business day in the month preceding the month in which the second and third anniversaries of the relevant Unit Issue Date occur, based on the terms offered to the Fund at the time by the Swap Counterparty. The actual Annual Performance Caps for those Distribution Periods could be lower than the indicative Annual Performance Cap for Distribution Period 1 as stated on the Flexi Website and lower than the actual Annual Performance Caps of previous Distribution Periods, depending on market conditions at that time, in particular, the level and volatility of the relevant Reference Asset and the level of interest rates. However, the Swap Agreement for a Unit Class will be terminated early if it is not possible to provide an Annual Performance Cap for the second or third Distribution Period for the relevant Unit Class at least equal to the Minimum Performance Cap stated on the Flexi Website. In these circumstances you will no longer have exposure to the Reference Asset or entitlement to any further Distributions. For more information see Section 3.1.5 of Part I of the PDS.

Note that for any Variable Distribution Class for which there is no indicative Annual Performance Cap for Distribution Period 1, an Annual Performance Cap may apply still apply for Distribution Period 1 and subsequent Distribution Periods, as described above.

The Hurdle

There is no Hurdle applying to an investment in a Variable Distribution Class.

32. For any Asia Long Short Class and Asian Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Section 5.3.10 of Part I 'Fees specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees specific to Asian Equity Classes' for more details.
33. Distribution Periods represent the period between the Unit Issue Date and the first Reference Asset Valuation Date, and between subsequent Reference Asset Valuation Dates. Your entitlement to a Distribution will be measured in each Distribution Period.
34. For any Asia Long Short Class and Asian Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Section 5.3.10 of Part I 'Fees specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees specific to Asian Equity Classes' for more details.

Distributions will only be payable to Investors who have chosen not to exercise the Walk-Away feature before the relevant Distribution Date. Distributions (if any) will be paid to Investors that exercise the Walk-Away feature on the relevant Distribution Date.

Any Distributions that you become entitled to at the end of any Distribution Period during the Term of your Investment will be automatically applied to pay amounts payable by you to the Loan Provider under a Loan (such as the interest payable on your Investment Loan for the following Interest Period). If the amount of the Distribution for a Distribution Period is less than the amounts of interest payable on your Investment Loan for the following Interest Period, then the balance of any interest payable on your Investment Loan after the application of the Distribution must be paid by you. See Section 4.1.3 Part I 'Interest on the Investment Loan' for more information.

If the amount of your Distribution so applied is greater than the amounts payable by you to the Loan Provider then, unless otherwise agreed, the excess amount will be credited to your Nominated Account within 60 days of the relevant Distribution Date. See Section 4.1.3 of Part I 'Interest on the Investment Loan' for more information.

EXAMPLE OF DISTRIBUTIONS FOR AN AUSTRALIAN EQUITY VARIABLE DISTRIBUTION CLASS

If you invest AUD100,000 into an Australian Equity Variable Distribution Class and assume that:

- the Initial Investment Level of the Reference Asset is 4,300
- reference Asset level at the end of Distribution Period 1 of 5,100
- reference Asset level at the end of Distribution Period 2 of 4,800
- reference Asset level at the end of Distribution Period 3 of 5,500
- the Annual Performance Cap is determined to be 17% in each year.

Distribution for Distribution Period 1

At the end of Distribution Period 1 the Reference Asset has increased from 4,300 to 5,100.

For the purposes of calculating your Distribution for Distribution Period 1 your Reference Asset Level at the end of Distribution Period 1 is the lesser of:

(a) 5,100; and

(b) 4,300 + (4300 x 17%) = 5,031 (Annual Capped Level for Distribution Period 1)

As the Reference Asset level at the end of Distribution Period 1 of 5100 exceeds the Annual Capped Level of 5,031, the Reference Asset Level at the end of Distribution Period 1 will be equal to 5,031.

The Year 1 Distribution will be calculated as follows:

$$= \frac{\text{(Reference Asset Level at the end of Distribution Period 1 – Initial Investment Level)}}{\text{Initial Investment Level}} \times \text{Investment Amount}$$

$$= \frac{5{,}031 - 4{,}300}{4{,}300} \times \text{AUD100,000}$$

= **AUD17,000**

Distribution for Distribution Period 2

At the end of Distribution Period 2 the Reference Asset has decreased from 5,100 (at the end of Distribution Period 1) to 4,800.

As the Reference Asset has not increased from its level at the end of Distribution Period 1 to the end of Distribution Period 2, you will not receive a Distribution for this period.

Distribution for Distribution Period 3

At the end of Distribution Period 3 the Reference Asset level has increased from 4,800 (at the end of Distribution Period 2) to 5,500.

For the purposes of calculating your Distribution (payable at Maturity) your Reference Asset Level at the end of Distribution Period 3 is the lesser of:

(a) 5,500; and

(b) 4,800 + (4,800 x 17%) = 5,616 (Annual Capped Level for Distribution Period 3)

EXAMPLE OF DISTRIBUTIONS FOR AN AUSTRALIAN EQUITY VARIABLE DISTRIBUTION CLASS (CONTINUED)

As the Reference Asset Level at Maturity of 5,500 does not exceed the Annual Capped Level of 5,616, the Reference Asset Level for Distribution Period 3 will be equal to 5,500.

The Distribution payable at Maturity will be calculated as follows:

$$= \frac{\text{(Reference Asset Level for Distribution Period 3 - Reference Asset Level at end of Distribution Period 2)}}{\text{Reference Asset Level at the end of Distribution Period 2}} \times \text{Investment Amount}$$

$$= \frac{(5{,}500-4{,}800)}{4{,}800} \times \text{AUD100,000}$$

= **AUD14,583**

In this example, the total payoff over the Term is equal to **AUD31,583** (being AUD17,000 + AUD0 + AUD14,583).

EXAMPLE OF DISTRIBUTIONS FOR AN ASIAN EQUITY VARIABLE DISTRIBUTION CLASS

If you invest AUD100,000 into an Asian Equity Variable Distribution Class and assume that:

- the Initial Investment Level of the Reference Asset is 100
- the Annual Performance Cap is determined to be 20% in each year
- the Reference Asset Level and AUD:USD Exchange Rate change as follows:

Point in time	Reference Asset Level	AUD:USD Exchange Rate
Swap Start Date	100	0.85
End of Distribution Period 1	125	0.90
End of Distribution Period 2	135	0.85
End of Distribution Period 3	130	0.80

Distribution for Distribution Period 1

At the end of Distribution Period 1 the Reference Asset has increased from 100 to 125.

For the purposes of calculating your Distribution for Distribution Period 1 your Reference Asset Level at the end of Distribution Period 1 is the lesser of:

(a) 125; and

(b) 100 + (100 x 20%) =120 (Annual Capped Level for Distribution Period 1)

As the Reference Asset level at the end of Distribution Period 1 of 125 exceeds the Annual Performance Capped level of 120, the Reference Asset Level at the end of Distribution Period 1 will be equal to 120.

The AUD Year 1 Distribution will be calculated as follows:

$$= \frac{\text{(Reference Asset Level at the end of Distribution Period 1 – Initial Investment Level)}}{\text{Initial Investment Level}} \times \text{Investment Amount} \times \frac{\text{initial Exchange Rate}}{\text{Exchange Rate at end of Distribution Period 1}}$$

$$= \frac{120-100}{100} \times \text{AUD100,000} \times \frac{0.85}{0.90}$$

= **AUD18,889**

EXAMPLE OF DISTRIBUTIONS FOR AN ASIAN EQUITY VARIABLE DISTRIBUTION CLASS CONTINUED

Distribution for Distribution Period 2

At the end of Distribution Period 2 the Reference Asset has increased from 125 (at the end of Distribution Period 1) to 135.

For the purposes of calculating your Distribution for Distribution Period 2 your Reference Asset Level at the end of Distribution Period 2 is the lesser of:

(a) 135; and

(b) 125 + (125 x 20%) =150 (Annual Capped Level for Distribution Period 2)

As the Reference Asset level at the end of Distribution Period 2 of 135 is less than the Annual Performance Capped level of 150, the Reference Asset Level at the end of Distribution Period 2 will be equal to 135.

The AUD Year 2 Distribution will be calculated as follows:

$$= \frac{\text{(Reference Asset Level at the end of Distribution Period 2 – Reference Asset Level at the end of Distribution Period 1)}}{\text{Reference Asset Level at the end of Distribution Period 1}} \times \text{Investment Amount} \times \frac{\text{Exchange Rate at the end of Distribution Period 1}}{\text{Exchange Rate at the end of Distribution Period 2}}$$

$$= \frac{135 - 125}{125} \times \text{AUD100,000} \times \frac{0.90}{0.85}$$

= AUD8,471

Distribution for Distribution Period 3

During the final Distribution Period of the Investment the Reference Asset level has decreased from 135 to 130, therefore there will be no Distribution payable at Maturity.

In this example, the total payoff over the Term is equal to **AUD27,360** (being AUD18,889 + AUD8,471 + AUD0).

Note that the total payoff to investors in a Variable Distribution Class is from the annual performance related Distributions – there is no fixed Distribution component.

The above examples have been provided for illustrative purposes only, and are not intended to be indicative of the performance of any Unit Class within the Fund. The examples provide an illustration of how returns will be calculated by applying the relevant calculations to a hypothetical example.

The above examples do not show the Distributions being applied to pay amounts payable by you to the Loan Provider under a Loan (such as your interest payment for the following Interest Period).

2.4.2. What return will I receive at Maturity?

At Maturity you will receive:

- the final Distribution of the Term, being the positive performance[35] (if any) of the Reference Asset for the final Distribution Period subject to the Annual Performance Cap (if any); and
- if your Units are redeemed, the proceeds from the redemption of your Units, which should be equal to your Investment Amount, which will be used to repay your Investment Loan.[36]

There is no Reference Asset Gain payable in respect of a Variable Distribution Class. This is because the positive performance (if any) of the Reference Asset from year to year will be paid annually as a Distribution.

Please note that, for any Asia Long Short Variable Distribution Class and Asian Equity Variable Distribution Class, fees and costs associated with the Reference Asset and the management of the Reference Asset are relevant in determining the amount payable by the Swap Counterparty at the end of each Distribution Period of the Term and accordingly will be reflected in the value of an Asia Long Short Variable Distribution Class and Asian Equity Variable Distribution Class throughout the Term (see Section 5.3.10 of Part I 'Fees specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees specific to Asian Equity Classes' for further details).

35. For any Asia Long Short Class and Asian Equity Class, the performance will be measured net of fees and expenses charged by fund investment managers. See Section 5.3.10 of Part I 'Fees specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees specific to Asian Equity Classes' for more details.
36. Proceeds from redemption of Units may be less than this amount if there have been any events of default under the Collateral Agreement or the Responsible Entity has been indemnified by the Fund. See Sections 4.1 and 4.4 of Part II of the PDS for more information.

2.5. WHAT HAPPENS AT MATURITY?

The Responsible Entity will provide you with details of the options available at Maturity closer to the Maturity Date. Options will include redeeming your Units in the Fund. In addition, the Responsible Entity may, at its discretion, allow you to retain your Units.

If you are given the option to retain your Units, you will still be required to repay your Investment Loan and any Interest Loan at Maturity. A failure to repay your Investment Loan and any Interest Loan at Maturity may result in the Loan Provider exercising its rights under the Mortgage to require your Units to be redeemed or exercising its rights under the Collateral Security in respect of the Cash Collateral. The Loan Provider may offer you new Loans.

2.6. WHAT IS THE VALUE OF MY UNITS ON WALK-AWAY PRIOR TO MATURITY?

2.6.1. Fixed Distribution Classes (on or before the first anniversary of the relevant Unit Issue Date)

If you exercise the Walk-Away feature of the Investment Loan on a Walk-Away Date or before the first anniversary of the relevant Unit Issue Date the value of your Units will be AUD1.00 per Unit in line with the terms of the Investment Linked Swap Arrangements; that is you will not realise any gain on your investment.

2.6.2. Fixed Distribution Classes (after the first anniversary of the relevant Unit Issue Date) and Variable Distribution Classes (from the first Walk-Away Date)

The value of your Units will reflect the market value of the Investment Linked Swap Arrangements. It is unlikely that the value of the Investment Linked Swap Arrangements before Maturity will correspond to the value of the Reference Asset at that time. The key factors which will affect the value of the Investment Linked Swap Arrangements during any Distribution Period include:

- the level of the Reference Asset at the time – generally, the higher the level of the Reference Asset relative to its level at the start of the Period, the higher the value of your Units. And conversely, the lower the level of the Reference Asset relative to its level at the start of the Period, the lower the value of your Units;
- the volatility level of the Reference Asset at the time – generally, the higher the volatility of the Reference Asset, the higher the value of your Units. And conversely, the lower the volatility of the Reference Asset, the lower the value of your Units;
- underlying AUD (for an Australian Equity Class or Australian Equity Focus Class) or USD (for an Asia Long Short Class or Asian Equity Class) interest rates at the time – generally, the higher the level of underlying interest rates, the higher the value of your Units. And conversely, the lower the level of underlying interest rates, the lower the value of your Units;
- for an Asia Long Short Class or Asian Equity Class, the AUD:USD foreign exchange rates at the time – generally, the higher the level of the AUD:USD foreign exchange rate (i.e. a strengthening in AUD compared with USD), the lower the value of your Units. And conversely, the lower the level of the AUD:USD foreign exchange rate (i.e. a weakening in AUD compared with USD), the higher the value of your Units.

In addition, other factors may also affect the value of your Units prior to Maturity such as time to maturity, hedging break costs and market conditions.

Please note that these factors are unlikely to move in isolation and simultaneous changes in more than one variable may have opposite effects on the value of the Investment Linked Swap Arrangements. Accordingly, Investors should not assume that a change in any one factor will result in a change to the value of the Investment Linked Swap Arrangements. It is likely that these factors will move independently and concurrently and a change that might otherwise be caused by the movement in one factor could be partially or entirely offset by the movement in another. In addition, movements in some factors may have a greater effect on the value of the Investment Linked Swap Arrangements than movements in other factors.

For a Variable Distribution Class, following the Distribution payment (if any) at the end of each Distribution Period, the value of your units will revert to AUD1.00, as the growth of the Reference Asset has been reflected in the Distribution paid.

2.7. RECOVERY OF INTEREST COSTS AND APPLICABLE FEES

Borrowing to invest in the Fund represents a geared exposure referable to the Reference Asset. The level of positive performance required before you begin to make a positive return on your investment is therefore greater than required from an ungeared exposure.

If the value of your investment in the Fund (including Distributions paid during the Term) does not increase by an amount sufficient to recover your interest and other costs then you will have lost money on your investment.

The following figures are illustrations of the effect of the performance of the Reference Asset on your returns to Maturity. All illustrations assume:

- you borrow to invest using the Limited Recourse Investment Loan;
- the Limited Recourse Investment Loan interest rate is 9.10%pa (being the indicative Limited Recourse Investment Loan interest rate as at the date of this PDS) and is constant over the Term; and
- a 2.0% upfront Loan Establishment Fee.

In addition:

- for a 5.5 Year Fixed Distribution Class, the illustrations assume you are exposed to the Reference Asset for a Term of exactly 5.5 years and total Distributions amount to 22% of your Investment Amount;
- for a 3.5 Year Fixed Distribution Class, the illustrations assume you are exposed to the Reference Asset for a Term of exactly 3.5 years and total Distributions amount to 16.25% of your Investment Amount;
- for a Variable Distribution Class, the illustrations assume you are exposed to the Reference Asset for a Term of exactly 3 years and the Distribution Period is 12 months; and
- for an Asia Long Short Class or Asian Equity Class, the illustrations assume the AUD:USD exchange rate is constant over the Term.

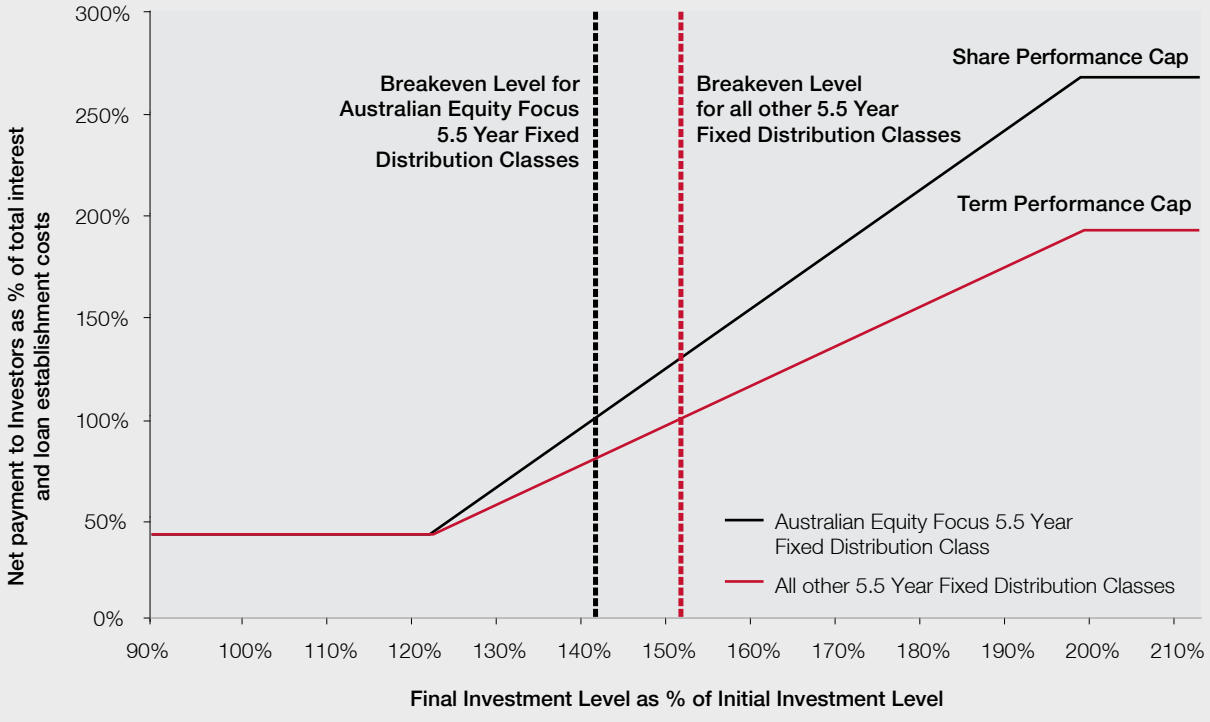
The illustrations also ignore the effects of tax and the time value of money.

What is the time value of money?

The idea that money available at the present time is worth more than the same amount in the future, due to its potential earning capacity. For example, assuming a 5% interest rate, AUD100 invested today will be worth AUD105 in one year (AUD100 multiplied by 1.05). Conversely, AUD100 received one year from now is only worth AUD95.24 today (AUD100 divided by 1.05), assuming a 5% interest rate.

2.7.1. 5.5 Year Fixed Distribution Classes

Figure 6: Breakeven analysis for 5.5 Year Fixed Distribution Classes^



^ Chart is for a Limited Recourse Investment Loan and assumes a Term Performance Cap or Share Performance Cap (as applicable) of 100%. This may differ from the applicable Term and Share Performance Caps. Note that some or all of the 5.5 Year Fixed Distribution Classes may be uncapped.

Limited Recourse Investment Loan

If you borrow using a Limited Recourse Investment Loan, the total interest paid over the Term of 5.5 years is equal to 50% of your Investment Amount (excluding any Interest Loan).

To breakeven (based on the assumptions listed above) the Reference Asset must have a Final Investment Level of at least 142% of the Initial Investment Level for a 5.5 Year Australian Equity Focus Class and at least 152% of the Initial Investment Level for all other 5.5 Year Fixed Distribution Classes. For the Final Investment Level to be at least 142% and 152% of the Initial Investment Level the required average annual increases in the value of the Reference Asset are shown in Table 10 below. Anything above this level of return will be a positive return to you.

Full Recourse Investment Loan

Similarly, if you borrow to invest using the Full Recourse Investment Loan, and assuming that the Full Recourse Investment Loan interest rate is 8.85%pa (being the indicative Full Recourse Investment Loan interest rate as at the date of this PDS) and is constant over the Term, and using other assumptions listed above, the total interest payable over the Term is 49% of your Investment Amount.

To breakeven, the Reference Asset must have a Final Investment Level of at least 141% of the Initial Investment Level for a 5.5 Year Australian Equity Focus Class and at least 151% of the Initial Investment Level for all other 5.5 Year Fixed Distribution Classes. For the Final Investment Level to be at least 141% and 151% of the Initial Investment Level respectively, the required average annual increases in the value of the Reference Asset are shown in Table 10 below. Anything above this level of return will be a positive return to you.

Table 10: Average annual increases in the Reference Asset over the Term required to break even for 5.5 Year Fixed Distribution Classes^

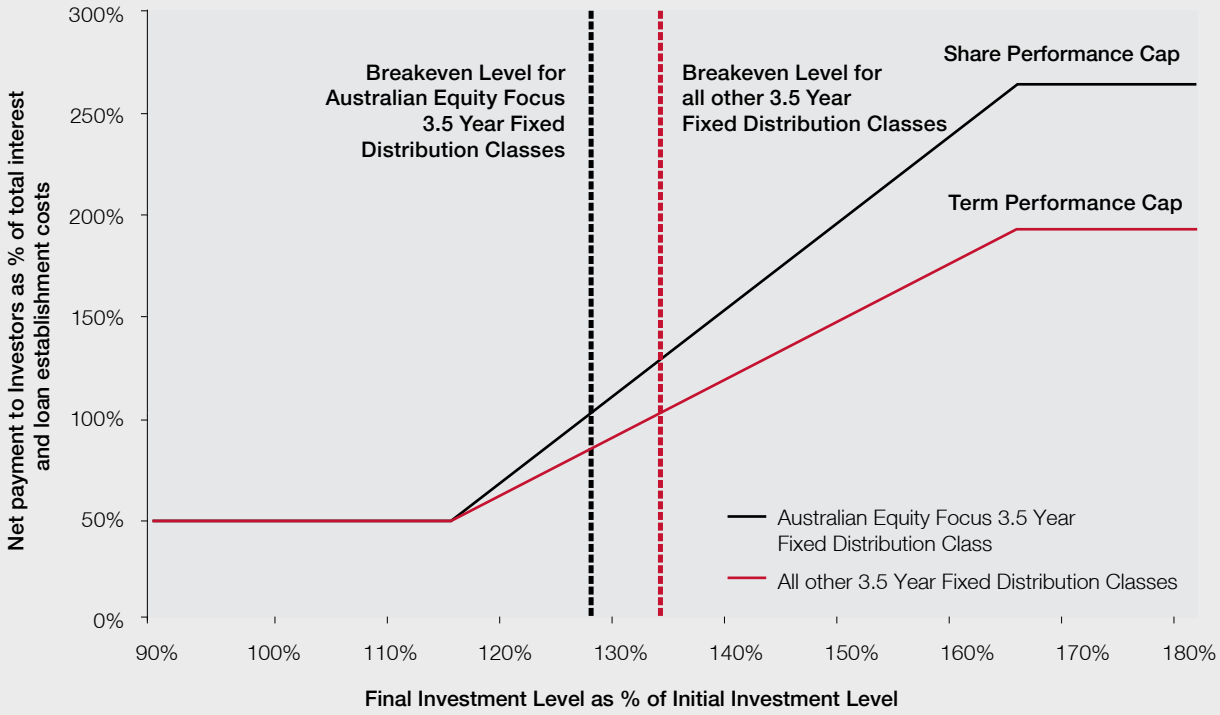
	Limited Recourse Investment Loan	Full Recourse Investment Loan
5.5 Year Fixed Distribution Classes (except 5.5 Year Australian Equity Focus Classes)	7.9%pa	7.7%pa
5.5 Year Australian Equity Focus Classes	6.6%pa	6.5%pa

^ Annually compounding return over the Term, ignoring tax and the time value of money

Note the minimum payment to an Investor over the Term is assumed to be 22% of the Investment Amount, payable in Distributions at the end of each year of the Term and at Maturity. Figure 6 shows how the net payments to you over the Term to Maturity would vary in line with the level of the Reference Asset at Maturity, based on the above assumptions.

2.7.2. 3.5 Year Fixed Distribution Classes

Figure 7: Breakeven analysis for a 3.5 Year Fixed Distribution Class^



^ Chart is for a Limited Recourse Investment Loan and assumes a Term Performance Cap or Share Performance Cap (as applicable) of 65%. This may differ from the applicable Term or Share Performance Cap. Note that some or all of the 3.5 Year Fixed Distribution Classes may be uncapped.

Limited Recourse Investment Loan

If you borrow using a Limited Recourse Investment Loan, the total interest paid over the Term of 3.5 years is equal to 32% of your Investment Amount (excluding any Interest Loan).

To breakeven (based on the assumptions listed above) the Reference Asset must have a Final Investment Level of at least 128% of the Initial Investment Level for a 3.5 Year Australian Equity Focus Class, and at least 134% of the Initial Investment Level for all other 3.5 Year Fixed Distribution Classes. For the Final Investment Level to be at least 128% and 134% of the Initial Investment Level, the required average annual increases in the value of the Reference Asset are shown in Table 11 below.

Full Recourse Investment Loan

Similarly, if you borrow to invest using the Full Recourse Investment Loan, and assuming that the Full Recourse Investment Loan interest rate is 8.85%pa (being the indicative Full Recourse Investment Loan interest rate as at the date of this PDS) and is constant over the Term, and using other assumptions listed above, the total interest payable over the Term is 31% of your Investment Amount.

To breakeven, the Reference Asset must have a Final Investment Level of at least 127% of the Initial Investment Level for a 3.5 Year Australian Equity Focus Class and at least 133% of the Initial Investment Level for all other 3.5 Year Fixed Distribution Classes. For the Final Investment Level to be at least 127% and 133% of the Initial Investment Level, the required average annual increases in the value of the Reference Asset are shown in Table 11 below.

Table 11: Average annual increases in the Reference Asset over the Term required to break even for 3.5 Year Fixed Distribution Classes^

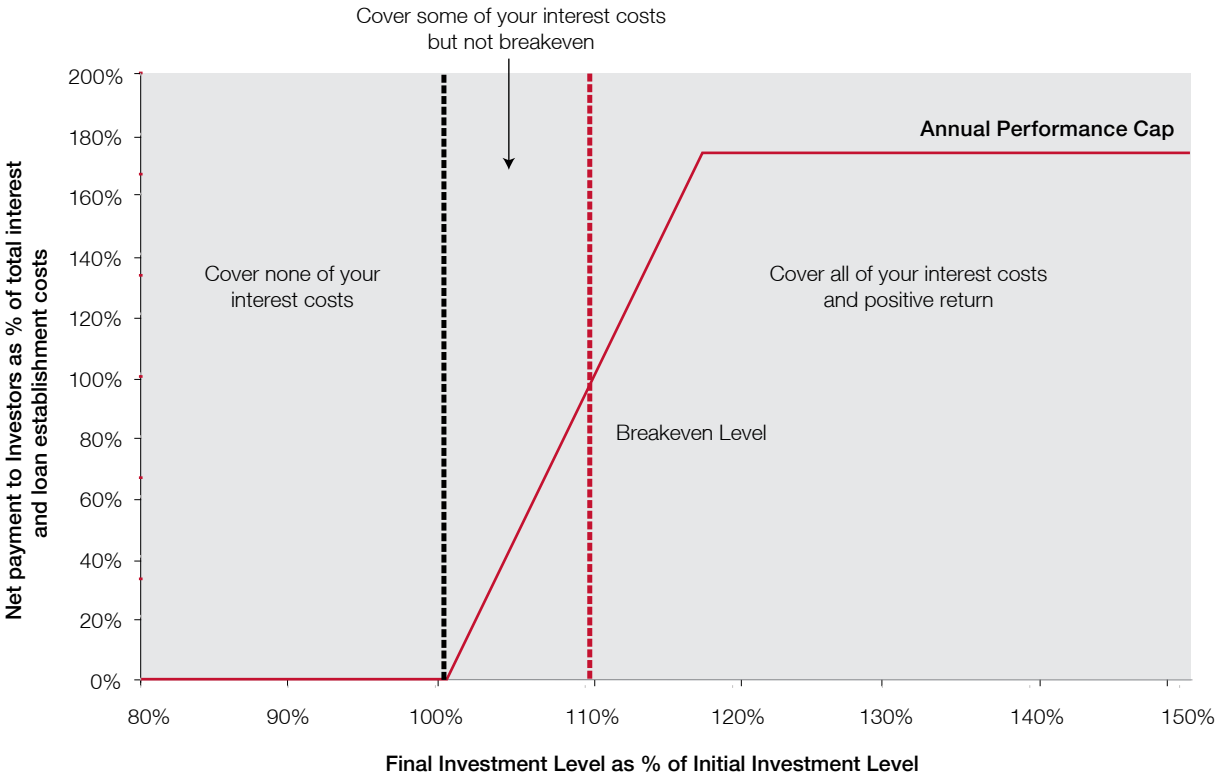
	Limited Recourse Investment Loan	Full Recourse Investment Loan
3.5 Year Fixed Distribution Classes (except 3.5 Year Australian Equity Focus Classes)	8.7%pa	8.5%pa
3.5 Year Australian Equity Focus Classes	7.3%pa	7.2%pa

^ Annually compounding return over the Term, ignoring tax and the time value of money.

Note the minimum payment to an Investor over the Term is assumed to be 16.25% of the Investment Amount, payable in Distributions at the end of each year of the Term and at Maturity. Figure 7 shows how the net payments to you over the Term to Maturity would vary in line with the level of the Reference Asset at Maturity, based on the above assumptions.

2.7.3. Variable Distribution Classes

Figure 8: Breakeven analysis for Variable Distribution Classes^



^ Chart is for a Limited Recourse Investment Loan and assumes an Annual Performance Cap of 17% applies for all Variable Distribution Classes. This may differ from the applicable Annual Performance Cap. Note that some or all of the Variable Distribution Classes may be uncapped.

Limited Recourse Investment Loan

To breakeven in each year (based on the assumptions listed above) the annual Distribution must be equal to 9.8%. For the annual Distribution to be equal to 9.8%, the Reference Asset must increase by at least 9.8% over the Distribution Period (ignoring tax and the time value of money). For you to breakeven on your investment over the whole Term, the Reference Asset must increase, on average, by at least 9.8% in each Distribution Period over the Term. Anything above this level of return will be a positive return to you.

Full Recourse Investment Loan

Similarly, if you borrow to invest using the Full Recourse Investment Loan, and assuming that the Full Recourse Investment Loan interest rate is 8.85%pa (being the indicative Full Recourse Investment Loan interest rate as at the date of this PDS) and is constant over the Term, and using the other assumptions listed above, to breakeven over the whole Term the Reference Asset must increase on average by at least 9.5% each Distribution Period over the Term (ignoring tax and the time value of money).

3 / Risks

An investment in the Fund involves various risks that may adversely affect your return (if any). If you exercise the Walk-Away feature prior to Maturity, these risks may also affect the value of your investment at that time. The Fund may not suit potential investors who are not familiar with the risks associated with borrowing to invest. An investment in the Fund is not a traditional investment product (such as a direct investment in Australian shares), and may not suit investors who do not have experience with, and are unfamiliar with investing in products that provide indirect, notional exposure to indices using financial instruments such as swap agreements and collateral agreements.

Investors should consider an investment in the Fund (and the drawing down of any Investment Loan or Interest Loan) as involving a degree of financial risk and should therefore carefully consider all the following risk factors and the additional general risks set out in Section 2 of Part II of the PDS (together with other matters set out elsewhere in this PDS). These factors are not meant to be an exhaustive list of all potential risks associated with an investment in the Fund. As well as the risks of this particular product, you should also consider how an investment in this product fits into your overall portfolio. You should also consider whether the Investment Amount of any investment in this product is appropriate given the overall size of your investment portfolio. Diversification of your investment portfolio can be used as part of your overall portfolio risk management to limit your exposure to failure or underperformance of any one investment, manager or asset class. In addition to reading the PDS in full, prospective Investors should consult their own legal, tax and financial advisers regarding all of these risks.

3.1. KEY RISKS SPECIFIC TO AN INVESTMENT IN THE FUND

3.1.1. Global economic conditions

In recent times, equity markets have generally been more volatile, and volatility in some markets has increased to very high levels. Investing in highly volatile conditions implied a greater level of risk for investors than an investment in more stable markets. You should carefully consider this additional volatility risk before making any investment decision. A sustained recovery in global or regional economics will depend on improved liquidity, a restored positive economic outlook and a period of stability in asset prices. Recently, there have been concerted efforts and unprecedented stimulus actions from governments across the globe to support world economies. It is possible that these stimulus actions (or their withdrawal) could have an adverse effect on global economic conditions which may in turn affect the performance of the Reference Assets.

3.1.2. Reference Asset risk

The value of, and returns (if any) from, your investment in the Fund will depend upon the performance of the Reference Asset relevant to your investments. There is a risk that a Reference Asset will not increase in value, and you will not be entitled to any potential Distributions (for Variable Distribution Classes) and/or you will not make a gain at Maturity (for Fixed Distribution Classes).

The period from June 2005 to July 2007 may be characterised by generally favourable investment conditions with rising equity markets and steady or moderate increases in interest rates. Within that overall period there were variations from this general trend (for instance, in mid-2006). More recently from July 2007 and in particular in the period from mid 2008 equity markets have experienced periods of sharp falls and an upswing in volatility. Accordingly, favourable investment conditions will not necessarily prevail in any particular period or over the longer term. As a result, the value of an investment with exposure to a Reference Asset may decrease.

3.1.3. Credit risk – Macquarie

Investors in the Fund are exposed to the creditworthiness of certain entities in the Macquarie Group of companies. The Fund will enter into Investment Linked Swap Arrangements with entities that are Macquarie Group companies in the capacity of Swap Counterparty and Collateral Counterparty.

The consequences of the relevant Swap and Collateral Counterparties not being able to meet their obligations are summarised below:

Swap Counterparty

The Swap Counterparty for each Class Portfolio of the Offer will be Macquarie Bank Limited.

If the relevant Swap Counterparty fails to meet its obligations under the Swap Agreement the Fund, and consequentially, Investors may not get their entitlement to any Reference Asset Gain or Distributions. The Fund may need to terminate a Swap Agreement if there is an event of default, termination event, extraordinary event, certain review events or certain corporate events relating to the Swap Counterparty, which may lead to termination of the investment, redemption of Units and early repayment of the Investment Loan (and any Interest Loan). See Section 4.1 of Part II of the PDS for more information.

Collateral Counterparty

The Collateral Counterparty for each Class Portfolio of the Offer will be Macquarie Bank Limited.

If the Collateral Counterparty fails to meet its obligations under the Collateral Agreement and the Loan Provider cannot recover the full amount of the Cash Collateral by enforcing the Collateral Security, the value of an Investor's Units may be reduced. However, for Limited Recourse Investment Loan borrowers the Loan Provider may only have recourse to your Units and their proceeds and to your interest in the Cash Collateral, although you will

be required to repay the principal and interest on your Interest Loan (if applicable) together with any break costs out of your own funds.

For Full Recourse Investment Loan borrowers, if the Collateral Counterparty does not meet its obligations under the Collateral Agreement, you will need to use your own funds to cover any shortfall owing under the Full Recourse Investment Loan if the value of your Units (including any Cash Collateral recovered by the Loan Provider by enforcing the Collateral Security) is not enough to repay any amount outstanding on your Investment Loan.

Please note that Investors should not assume that the Cash Collateral that the Fund deposits with the Collateral Counterparty will be a bank deposit, nor that it will be covered by a government guarantee scheme. This means that on a winding up of the Collateral Counterparty the Fund could only rank as an unsecured creditor of the Collateral Counterparty with equal priority to other unsecured creditors.

Each Investor should conduct their own evaluation of Macquarie Bank Limited and consult with their financial adviser before investing in this product. There are a number of factors that may be relevant to your evaluation of Macquarie Bank Limited. Further information about the Macquarie Group structure and Macquarie Bank Limited (including its most recent financial statements) is available on the Macquarie website at macquarie.com.au/au/about_macquarie/company_profile/mgmt_organisation.htm. The most recent financial statements for Macquarie Bank Limited are available at macquarie.com.au/au/about_macquarie/investor_information/annual_reports.htm.

The most recent published financial reports for Macquarie Bank Limited are incorporated by reference into this PDS and are available at macquarie.com.au/mfg/financials. A copy of the financial statements of Macquarie Bank Limited is available free of charge to Investors. Please contact the Issuer on 1800 080 033 to obtain a copy.

3.1.4. Indicative performance caps

The indicative Term Performance Caps, Share Performance Caps and Annual Performance Caps stated on the Flexi Website may not reflect the actual performance caps for each Unit Class as determined on the Swap Start Date. Subject to the Minimum Performance Cap for each Unit Class, there is a risk that your maximum potential return for any Unit Class may be lower than if the indicative performance caps (if applicable) applied.

3.1.5. Early termination risk

The Swap Counterparty may terminate the relevant Swap Agreement for any Unit Class early in a number of circumstances (refer Section 4.1 of Part II of the PDS 'Investment Linked Swap Arrangements').

For a Variable Distribution Class, the Swap Counterparty is likely to review its hedging arrangements more frequently than for a Fixed Distribution Class, and will do so at least annually at the time the Annual Performance Caps are determined. There is therefore a greater risk of disruption to the ability of the Swap Counterparty to hedge its exposure and/or of an increased cost of such hedging (even at the minimum Annual Performance Cap), and therefore a greater risk of a review event or an extraordinary event occurring; for example, where market volatility or interest rates increase substantially. In these circumstances, the Swap Counterparty is more likely to seek an early termination of the Swap Agreement for a Variable Distribution Class; this could occur throughout the Term, but is more likely to occur annually on the anniversary of the Unit Issue Date.

Early termination of the Swap Agreement will lead to termination of the investment, redemption of Units and early repayment of the Investment Loan (and any Interest Loan).

In addition, the Responsible Entity acting in the best interests of unitholders may in its absolute discretion terminate the Fund at any time. See Section 4.4 of Part II 'The Constitution' for more information.

3.2. KEY RISKS SPECIFIC TO FULL RECOURSE INVESTMENT LOAN INVESTORS

3.2.1. Collateral Counterparty default

If you borrow using the Full Recourse Investment Loan, in the case of a Collateral Default, that is where the Collateral Counterparty is unable to meet its obligations under the Collateral Agreement, you will not be able to Walk-Away from your investment with no further amounts payable. You will be required to repay the principal and interest on your Investment Loan and Interest Loan (if applicable) together with any break costs out of your own funds. For a further explanation of this risk see Section 3.1.3 of Part I 'Credit risk – Macquarie'.

3.3. KEY RISKS SPECIFIC TO AN INVESTMENT IN VARIABLE DISTRIBUTION CLASSES

3.3.1. Changes in the Annual Performance Cap

An investment in a Variable Distribution Class may provide you with an annual Distribution based on the performance of the Reference Asset, subject to the relevant Annual Performance Cap (if any).

The applicable Annual Performance Cap for the second and third Distribution Periods will be determined by the Responsible Entity on or around the last business day in the month prior to the months in which the second and third anniversaries of the Unit Issue Date occur, based on terms offered by the Swap Counterparty at the time. The actual Annual Performance Cap for these periods could be lower than the Annual Performance Cap which applies in the first Distribution Period, but will not be less than the Minimum Performance Cap specified on the Flexi Website.

As a result, there is a risk that the potential return from an investment in a Variable Distribution Class will be reduced as a result of a reduction in the Annual Performance Cap that applies in future Distribution Periods.

3.3.2. Capped performance risk

Over the Term of your investment, the total return you receive through Distributions (if any) for every Distribution Period from your investment in any of the Variable Distribution Classes is likely to differ from the performance of the Reference Asset from the beginning of the Term to the end of the Term. In particular, the return from an investment in a Variable Distribution Class may be lower than the point to point return on the Reference Asset as a result of the Annual Performance Cap, which will limit the Distribution which can be paid in any year.

3.4. KEY RISK SPECIFIC TO AN INVESTMENT IN AUSTRALIAN EQUITY FOCUS CLASSES

3.4.1. Fixed investment

The Reference Asset for the Australian Equity Focus Classes is the Australian Equity Focus Basket, which is a fixed basket that is not actively managed. This means that the composition of the Australian Equity Focus Basket will not change over the Term, except in limited circumstances such as a corporate event or an adjustment event as outlined in Section 4.1.3 of Part II of this PDS. Accordingly, a Reference Asset Constituent that performs poorly will not be replaced on the basis of poor performance. In these circumstances, performance of the Reference Asset may be adversely affected. See the worked example in Section 2.2.2 of Part I of this PDS for more information.

3.4.2. Individual share performance capping

As described in Section 2.2.2 of Part I of this PDS, the Share Performance Cap applies to the individual performance of each Reference Asset Constituent of the Australian Equity Focus Basket, and not to the performance of the whole basket. This means that the performance of the basket may be lower, and will not be higher, than the performance of the same basket where the Share Performance Cap applied to the whole basket rather than to individual stocks.

3.4.3. Concentration risk

The Reference Asset provides Investors with exposure to twenty shares with large market capitalisation that are listed on the ASX. As a result, its performance will be based on the performance of a relatively small number of shares compared with a broad market index such as the S&P/ASX 200 Index. This means that the poor performance of one Reference Asset Constituent will have a greater effect on the Reference Asset's overall performance than the effect of one poorly performing share in a broad market index.

3.5. KEY RISKS SPECIFIC TO AN INVESTMENT IN ASIA LONG SHORT CLASSES

Asia Long Short Classes have exposure to the MQ Asia Long Short Fund. The MQ Asia Long Short Fund has risks specific to it, including the risks sets out below. Each of these risks can affect the value of an investment in the MQ Asia Long Short Fund and that may affect the value of an investment in an Asia Long Short Class.

3.5.1. Change of law

Future changes in law, regulation, practice or policy, in the jurisdiction in which the MQ Asia Long Short Fund is domiciled, or in markets where the MQ Asia Long Short Fund invests, including changes to taxation, corporate, banking, financial, regulatory, property and money laundering laws, may adversely affect the MQ Asia Long Short Fund. In particular, as the MQ Asia Long Short Fund is domiciled in the Cayman Islands, Investors are exposed to increased jurisdictional risks specific to the Cayman Islands. This may adversely affect returns to Investors.

In addition, differences in laws between countries or jurisdictions may make it difficult for the Underlying Fund Manager to enforce legal agreements entered into on behalf of the MQ Asia Long Short Fund.

3.5.2. Master-feeder fund structure

The MQ Asia Long Short Fund adopts a 'master-feeder' fund structure. That is, the MQ Asia Long Short Fund invests substantially all of its assets in an underlying fund. Other Investors may also invest into this underlying fund. This structure of multiple investment vehicles investing in the same portfolio, presents certain unique risks to Investors. In particular, a 'master-feeder' fund structure generally entails greater risk for Investors because Investors become less directly connected to the actual underlying assets to which they have exposure.

Additionally, smaller investment vehicles investing in the underlying fund may be materially affected by the actions of larger investment vehicles investing in the underlying fund. For example, if a larger investment vehicle withdraws from the underlying fund, the remaining investors may experience higher pro rata operating expenses, thereby producing lower returns. Substantial withdrawals of capital by investors in the underlying fund, including the MQ Asia Long Short Fund, over a short time period could necessitate the liquidation of securities positions at a time and in a manner which does not provide the most economic advantage to the MQ Asia Long Short Fund and which therefore could adversely affect the value of the MQ Asia Long Short Fund's assets and hence the value of the MQ Asia Long Short Fund.

3.5.3. Hedging transactions

The MQ Asia Long Short Fund may utilise financial instruments such as forward contracts, options, futures and swaps for hedging purposes. Hedging against

a decline in the value of a portfolio position does not eliminate fluctuations in the value of such position or prevent losses if the value of such position declines, but establishes another position designed to gain from those same developments, thus moderating the decline in the value of the portfolio position being hedged. Hedging transactions may also limit the opportunity for gain if the value of the portfolio positions should increase. The success of the MQ Asia Long Short Fund's hedging transactions is subject to movements in the direction of security prices and currency and interest rates. The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary substantially. The MQ Asia Long Short Fund may not seek to or may not be able to establish a significant correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the MQ Asia Long Short Fund from achieving the intended hedge or expose the MQ Asia Long Short Fund to risk of loss.

3.5.4. Leverage

The MQ Asia Long Short Fund may borrow or employ internal leverage. This leverage can magnify the gains or losses relative to an unleveraged investment. The MQ Asia Long Short Fund may also incur losses if they are forced to dispose of assets at unfavourable prices in order to repay interest or borrowings. Returns from a leveraged investment will generally be more volatile than returns from an unleveraged investment.

3.5.5. Liquidity of investment portfolio

The market for some securities in which the MQ Asia Long Short Fund may invest may be relatively illiquid. The liquidity of the markets in which the MQ Asia Long Short Fund may invest generally have fluctuated substantially over time. Liquidity relates to the ability of the MQ Asia Long Short Fund to sell an investment in a timely manner at a price around the prevailing market rates. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of the MQ Asia Long Short Fund's assets in relatively illiquid investments may restrict the ability of the MQ Asia Long Short Fund to dispose of its investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the counter transactions. There is no regulated market in such transactions, and the bid and offer prices will be established solely by dealers in these transactions.

3.5.6. Foreign currency markets

The MQ Asia Long Short Fund will seek to offset the risks associated with fluctuations in currency exchange rates through foreign exchange transactions where investments are denominated in currencies other than USD. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment or particular transactions in foreign currency. Accordingly, currency hedging will not completely remove the risk that foreign exchange fluctuations may have an adverse impact on the value of the MQ Asia Long Short Fund.

3.5.7. Short selling

The MQ Asia Long Short Fund may sell securities of an issuer short. If the price of the issuer's securities declines, the Underlying Fund Manager may then cover the short position with securities purchased in the market. The profit realised on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various securities exchanges, which restrictions could limit the investment activities of the Underlying Fund Manager.

If lenders exercise their rights to recall securities borrowed and sold short, and the MQ Asia Long Short Fund cannot borrow elsewhere, the Underlying Fund Manager will be forced to close out the short sale contracts and this may result in realised losses to the MQ Asia Long Short Fund.

3.5.8. Derivatives

The MQ Asia Long Short Fund may use both exchange traded and over the counter derivatives, including (but not limited to) futures, forwards, swaps, contracts for differences (**'CFDs'**) and options. The relatively small margin required to establish a position in these instruments permits a high degree of leverage. As a result, these instruments can be highly volatile and expose the MQ Asia Long Short Fund to a substantial risk of loss. Depending on the type of instrument, the loss may exceed the amount invested and in some cases may be unlimited. Exchange rules or restrictions may prevent the liquidation of positions which could result in further loss. Over the counter contracts may involve additional risk as it may be difficult or impossible to liquidate or unwind open positions.

3.5.9. Custody and broker credit risks

A prime broker will be responsible for the safekeeping of all the investments and other assets of the MQ Asia Long Short Fund delivered to it (the **'Custody Assets'**) other than those transferred to the prime broker as collateral or margin. The prime broker may hold the Custody Assets with a sub-custodian, depository or clearing agent, including a person connected with the prime broker (each a '**sub-custodian**') in a single account that is

identified as belonging to customers of the prime broker. In the event of an irreconcilable shortfall following the default of any sub-custodian, the MQ Asia Long Short Fund may share in that shortfall proportionately with the prime broker's other customers. The failure, bankruptcy or insolvency of the prime broker or a broker may result in adverse consequences for the assets of the MQ Asia Long Short Fund and may in turn, have an adverse effect on the value of the MQ Asia Long Short Fund. The Custody Assets may be borrowed, lent or otherwise used by the prime broker for its own purposes, in which case such Custody Assets will become the property of the prime broker and the Master Fund will have a right against the prime broker for the return of equivalent assets only. To the extent that any such custody assets are not held as collateral, or otherwise used by the prime broker, those custody assets will be subject to a first ranking fixed charge in favour of the prime broker. The MQ Asia Long Short Fund will rank as an unsecured creditor in relation to the Custody Assets held as collateral or otherwise used by the prime broker and, in the event of the insolvency of the prime broker, the MQ Asia Long Short Fund may not be able to recover such equivalent assets in full.

3.5.10. Counterparty risk

The MQ Asia Long Short Fund will be exposed to the credit risk of parties with whom it trades or invests and will also bear the risk of settlement default. Market practices in the less developed markets in relation to the settlement of securities transactions and custody of assets will provide increased risk. The clearing, settlement and registration systems available to effect trades in such markets are significantly less developed than those in more mature markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. These risks may be more pronounced in respect of over the counter derivative transactions which are not guaranteed by a clearing house or exchange. Problems in relation to settlement in these markets may adversely affect the value and the liquidity of the MQ Asia Long Short Fund.

The MQ Asia Long Short Fund may also be subject to credit and counterparty risk in respect of derivative contracts they may enter into for hedging purposes, or in respect of arrangements entered into with service providers.

3.5.11. Credit risk

The MQ Asia Long Short Fund faces the risk that an issuer of a security in which the MQ Asia Long Short Fund has invested will default on its obligations due to insolvency or financial distress, resulting in an adverse effect on the value of the MQ Asia Long Short Fund's investments.

3.5.12. Performance fees

The fact that the Underlying Fund Manager will also be compensated based on the trading profits of the MQ Asia Long Short Fund (by way of a performance fee) could create an incentive for the Underlying Fund Manager to make investments on behalf of the MQ Asia Long Short Fund that are riskier or more speculative than would be the case in the absence of such fees. Performance fees could be made in respect of unrealised gains of the MQ Asia Long Short Fund that may never actually be realised.

3.5.13. Possible effect of redemptions

Substantial redemptions by investors in the MQ Asia Long Short Fund could require the liquidation of investments more rapidly than otherwise desirable to raise the necessary cash to fund the redemptions and to achieve an investment portfolio more appropriately reflecting a smaller equity base.

3.5.14. Reliance on management

Although the directors of the MQ Asia Long Short Fund have the ultimate authority and responsibility for the management of the MQ Asia Long Short Fund all decisions relating to the day to day investment of the MQ Asia Long Short Fund's assets have been delegated to, and will be made by, the Underlying Fund Manager. The MQ Asia Long Short Fund's performance is therefore largely dependent on the continuation of an agreement with the Underlying Fund Manager and the services and skills of its officers and employees, including in relation to the allocation of capital. The loss of the Underlying Fund Manager's services (or that of one of its key personnel) could materially and negatively impact the value or future performance of the MQ Asia Long Short Fund.

3.5.15. Dividends

The MQ Asia Long Short Fund does not intend to pay dividends, but intends instead to reinvest all of its income and realised capital gains. The directors of the MQ Asia Long Short Fund reserve the right to declare and pay special dividends. The directors of the MQ Asia Long Short Fund do not anticipate such dividends being paid except in unusual circumstances.

3.5.16. Conflicts of interest

There will be no limitation with respect to the Underlying Fund Manager's other activities and investments or with respect to the activities of other investment portfolios managed by the Underlying Fund Manager. Accordingly, conflicts of interest may occur.

3.5.17. Technology

The quantitative models developed by the Underlying Fund Manager rely on in-house and third party technology. The Underlying Fund Manager's proprietary execution systems, for example, may not always be available due to technological faults. This may have an adverse effect on the value of the MQ Asia Long Short Fund, for example, if the Underlying Fund Manager is unable immediately to exit a position due to technological faults. In addition, quantitative trading and valuation models may not successfully select profitable investments or manage risk or perform in the manner in which they have historically performed or were intended to perform.

3.5.18. MQ Asia Long Short Fund key person risk

Key individuals of the Underlying Fund Manager may change, which may affect the future performance of the MQ Asia Long Short Fund.

3.5.19. Trading costs

Trading costs incurred in trading investments may be higher than anticipated.

3.5.20. Event/opportunity risk

There is the risk that there are inadequate trading opportunities which the Underlying Fund Manager wishes or is able to participate in. As a result, the assets of the MQ Asia Long Short Fund may not be fully invested in trading positions and may be heavily weighted in cash or equivalent assets. The return on cash or equivalent assets may be lower than that available if there were sufficient trading opportunities. There is the risk that the performance of the MQ Asia Long Short Fund may be affected adversely by market conditions where opportunities to buy are not evenly matched with opportunities to sell. The performance of the MQ Asia Long Short Fund may also be affected by adverse corporate events such as takeover risk and demerger risk. For example, the MQ Asia Long Short Fund may incur losses if it shorts a share that is the subject of a takeover.

3.5.21. Risk of litigation

The MQ Asia Long Short Fund may accumulate substantial positions in the securities of a company that becomes involved in proxy fights or other litigation or which becomes the subject of a takeover battle. Under those circumstances, the MQ Asia Long Short Fund might be named as a defendant in a lawsuit or regulatory action. In addition the outcome of such disputes, which may affect the value of the MQ Asia Long Short Fund, may be impossible to anticipate.

3.6. KEY RISK SPECIFIC TO AN INVESTMENT IN ASIA LONG SHORT CLASSES OR ASIAN EQUITY CLASSES – FOREIGN EXCHANGE RISK

For an investment in Asia Long Short Classes or Asian Equity Classes, movements in the AUD:USD exchange rate will affect the AUD value of the Distributions or Reference Asset Gain you become entitled to (if any) at the end of each Distribution Period or at Maturity. This currency movement will also effect any payment you are entitled to receive if you exercise the Walk-Away feature prior to Maturity.

3.7. KEY RISK SPECIFIC TO AN INVESTMENT IN ASIA LONG SHORT CLASSES AND ASIAN EQUITY CLASSES – EMERGING MARKETS

Asia Long Short Classes (which have exposure to the MQ Asia Long Short Fund) will primarily employ or have exposure to strategies which focus on markets within Asia and Asian Equity Classes (which have exposure to the Reference Asset Constituents) are exposed to equity markets in China, Hong Kong, Taiwan, South Korea and Singapore. Many markets within this region are relatively immature and under-developed. There are significant risks associated with investing in such markets, including (without limitation) liquidity risks, the potential for capital flight, political risks, fraud and corruption, credit risk and increased transaction costs arising from factors such as exchange controls, restrictions on foreign investment and restrictions on the repatriation of capital.

Certain Asian countries have historically experienced high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties, extreme poverty and unemployment. Countries within the region may experience one or more of these conditions in the future. Governments within these countries may not be able to meet debt servicing obligations, to which Asia Long Short Classes and Asian Equity Classes may be exposed. The legal and regulatory environment within the region is relatively diverse, and in some countries, under-developed, and may not provide adequate investor protection.

The level of corporate governance and accounting and financial reporting requirements may also be deficient. In some countries within the region, market infrastructure and technology is not as well developed as in Western countries which may increase the transaction costs of the MQ Asia Long Short Fund or compound any losses.

There is a possibility in certain Asian countries of nationalisation, expropriation of assets, confiscatory taxation, political changes, governmental regulation, and social instability or diplomatic developments (including war) which could adversely affect the economies of these countries, and the value or returns on your Units.

3.8. KEY RISKS SPECIFIC TO AN INVESTMENT IN ASIAN EQUITY CLASSES – ETFS

Asian Equity Classes include exposure to ETFs. There are specific risks associated with ETFs, including the two risks set out below. Both of these risks can affect the value of an investment in an Asian Equity Class.

3.8.1. Tracking error

The TFHK and HSHSI aim to replicate the performance of market Indices. However, they are subject to tracking error; that is, they are unlikely to perfectly replicate the performance of the Index they seek to match.

3.8.2. Termination risk

Termination risk is the risk that the ETF may cease operation at any point prior to Maturity. There is a risk that the investment managers of any of the ETFs comprising an Asian Equity Class will decide to discontinue the ETF. Termination of ETFs may be triggered by a variety of factors, including:

(a) the discontinuation of the index the ETF seeks to track;

(b) the revocation of the Underlying Fund Manager's authorisation from the relevant index provider to track the index; and

(c) if the Underlying Fund Manager goes into liquidation or a receiver is appointed.

If early termination occurs, the Swap Counterparty may terminate the relevant Swap Agreement early (see Section 3.1.5 for more information).

3.9. OTHER RISKS

3.9.1. Liquidity risk

As Units will not be traded on a stock exchange, you may not be able to dispose of your Units other than on the Walk-Away Dates or at Maturity. Accordingly, you may not be able to minimise your losses by exercising the put option (if you have a Limited Recourse Investment Loan) or redeeming your Units (if you have a Full Recourse Investment Loan) in a timely manner if you believe the relevant Reference Asset will fall.

See Sections 4.1.5 of Part I 'The Walk-Away feature – Limited Recourse Investment Loan borrowers' and 4.1.6 of Part I 'The Walk-Away feature – Full Recourse Investment Loan borrowers' for more information on redeeming your Units prior to Maturity.

3.9.2. Leverage risk

Leverage (or gearing) will magnify losses and gains on an investment in the Fund compared to an unleveraged investment directly in the Reference Asset.

3.9.3. Tax risk

You should refer to Section 6 of Part I 'Taxation', for information on the taxation consequences of an investment in the Fund. The information provided in this PDS is not personal advice to any prospective Investor in the Fund. Investors in the Fund should seek their own independent advice on the taxation consequences of investing in the Fund, which takes into account their own particular circumstances. There is a risk that the ATO may adopt a different position to that outlined in Section 6 that could lead it to disallow Investors a deduction for some or all interest expenses referable to their investment or may otherwise result in a tax outcome for Investors different to that outlined in Section 6.

The information pertaining to taxation in this PDS is based on the provisions of the Tax Act, announcements by and on behalf of the Australian Government and the Commissioner of Taxation, and practice applicable, all as at the date of this PDS. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are not contemplated as at the date of this PDS.

Future changes in tax laws, or their interpretation (particularly of those relating to capital protection), could affect the tax treatment of the Fund and of Investors in the Fund.

Each Investor should be aware that the ATO is reviewing the deductibility of interest on various investment loans for broadly similar investment products and should consult with their taxation adviser and form their own view on this matter in light of your own circumstances.

Please note that any ATO Product Rulings issued for previously offered Unit Classes in the Macquarie Flexi 100 Trust do not apply to any Offer made under this PDS.

Superannuation Investors should note that the taxation treatment outlined in Section 6 is based upon changes to the tax laws announced on 10 March 2010 and assumes those changes being enacted in the terms announced. Superannuation Investors should note that the taxation treatment of their Loan and investment in Units may be different if that announcement is not legislated.

3.9.4. Units not credit rated

Investors should note that any credit rating that may be assigned to any Counterparty must not be construed to imply any similar credit rating to the Units offered under the terms of this PDS, which are themselves not rated.

Further, more general risks are outlined in Section 2 of Part II the PDS.

4 / The Loans

4.1. INVESTMENT LOAN

4.1.1. Compulsory Investment Loan

Investors are required to apply for an Investment Loan from the Loan Provider for 100% of their Investment Amount. You will have a separate Investment Loan for each Unit Class which you invest in. By signing and submitting an Application Form you agree to be bound by the relevant Loan Agreement and the Security Trust Deed (if applicable) and you authorise and direct the Responsible Entity to grant the Collateral Security over the Cash Collateral.

Investors have a choice between borrowing to invest using either the Limited Recourse Investment Loan or the Full Recourse Investment Loan.

The Loan Provider is expected to be either Macquarie Specialist Investments Lending Limited or another Macquarie Group company as determined by the Issuer. Provision of a loan confirmation by or on behalf of the Loan Provider (as determined) will be notice to you of the identity of the Loan Provider.

Limited Recourse Investment Loan

Investing with the Limited Recourse Investment Loan means that any principal amount payable by you to the Loan Provider in respect of the Investment Loan is limited to your Units and their proceeds (including any amount recovered by the Loan Provider by enforcing the Collateral Security).

For Limited Recourse Investment Loan borrowers who are Superannuation Investors, your Units will be held by a Security Trustee on your behalf during the Term or until you exercise the Walk-Away feature. Your obligations will be secured by the Mortgage to be granted by the Security Trustee over the Units it holds on your behalf and your related rights (including their proceeds) and also by the Collateral Security to be granted by the Responsible Entity over the Cash Collateral.

For Limited Recourse Investment Loan borrowers who are not Superannuation Investors, you will hold your Units directly. Your obligations under the Loans will be secured by the Mortgage to be granted by you in respect of the Units you will hold and all your related rights as holder of those Units (including their proceeds) and also by the Collateral Security to be granted by the Responsible Entity over your interest in the Cash Collateral.

Full Recourse Investment Loan

Investing with a Full Recourse Investment Loan means that you may be exposed to any shortfall between the value of your investment and your Investment Loan balance which arises as a result of the failure of the Collateral Counterparty to fulfil its obligations under the Collateral Agreement.

For Full Recourse Investment Loan borrowers, you will hold your Units directly. Your obligations under the Loans will be secured by the Mortgage to be granted by you over the Units you hold and all your related rights as holder of those Units (including their proceeds) and also by the Collateral Security to be granted by the Responsible Entity over your interest in the Cash Collateral.

4.1.2. Minimum Investment Loan

The Minimum Investment Amount that you may borrow is AUD25,000, with additional amounts in multiples of AUD1,000. The minimum investment in any particular Unit Class is AUD5,000. The Loan Provider and the Issuer reserve the right to vary these amounts at their discretion.

4.1.3. Interest on the Investment Loan

Interest on the Investment Loan will be paid annually in advance, at a fixed rate which may be reset at the start of each Interest Period. The indicative interest rates for the Investment Loans for an Offer for the first Interest Period are available on the Flexi Website.[37]

The Loan Provider reserves the right to offer a reduced interest rate to certain Investors from time to time, for instance, if they have a certain minimum loan size. The first interest payment date will be on the Unit Issue Date.

The interest rate for subsequent Interest Periods will be fixed at no more than the interest rate set for the first Interest Period. The interest rates for subsequent Interest Periods will be provided by the Loan Provider prior to each subsequent anniversary of the relevant Unit Issue Date.

You will not be entitled to a refund of any prepaid interest, including if you exercise the Walk-Away feature prior to Maturity.

Except where you exercise the Walk-Away feature, any Distributions that you become entitled to at the end of any year during the Term of your Investment will be automatically applied to pay any amounts payable by you to the Loan Provider under your Loan (such as the interest payable on your Investment Loan for the next Interest Period).

Example:

If you are invested in an Australian Equity Fixed Distribution Class and as at the first anniversary of the Unit Issue Date you are entitled to receive the annual fixed Distribution, and the Loan Provider determines the Interest Rate on your Limited Recourse Investment Loan for the next Interest Period to be 9.10% (the indicative rate for the Limited Recourse Investment Loan as at the date of this PDS), you will have to pay the difference between the Interest Rate and the Distribution Rate, that is 9.10% - 4.0% = 5.10% from your own funds.

Unless you have applied, and met the specified conditions for an Interest Loan,[38] Investment Loan interest repayments will be deducted from your nominated bank account via direct debit on or around each anniversary of the Unit Issue Date in each year of the Term. If you wish to exercise the Walk-Away feature prior to Maturity and not have any further interest withdrawn from your nominated bank account you must submit a Withdrawal Form before the 15th day of the month prior to the month in which the anniversary of the Unit Issue Date occurs.

37. The actual interest rates will be determined by the Loan Provider and published on the Flexi Website approximately 3 business days prior to the relevant Offer Close date.
38. See Clause 2.1 in either the Loan and Put Option Agreement or Loan and Security Agreement (as applicable) in Section 5 of Part II of the PDS.

4.1.4. Loan approval

Investors who receive approval for a smaller Investment Loan than they applied for will be taken to have applied for a reduced number of Units in the specific Unit Class.

The Loan Provider may decide to limit the aggregate amount of Investment Loans provided against a single, or all of the Unit Classes. In such a case, the Loan Provider will give priority to applicants based upon the order in which applications are received.

4.1.5. The Walk-Away feature – Limited Recourse Investment Loan borrowers

If you choose the Limited Recourse Investment Loan, at the time of granting the Limited Recourse Investment Loan, the Loan Provider will also grant to you put options enabling you to exercise the Walk-Away feature by selling your Units to the Loan Provider on any Walk-Away Date.

You can exercise the Walk-Away feature by submitting a Withdrawal Form to the Loan Provider on the 15th day of the month prior to the relevant Walk-Away Date (the 'Notification Date'). If the Loan Provider does not receive a Withdrawal Form by the Notification Date you will continue to hold your Units and be required to fulfil any interest payment obligations under your Loans. If the Notification Date falls on a day which is not a business day in Sydney, then you must submit a Withdrawal Form and the Loan Provider must receive on the last business day before the 15th day of the month prior to the Notification Date.

If you exercise the Walk-Away feature, the amount payable to you by the Loan Provider for your Units will be the greater of:

(i) the amount you owe under your Limited Recourse Investment Loan; and

(ii) the value of your Units on the relevant Unit Valuation Date (as described on the Flexi Website).

You will not be required to pay any further amount to the Loan Provider under the Limited Recourse Investment Loan if you exercise the Walk-Away feature.[39] If you exercise the Walk-Away feature, the Loan Provider will be entitled to your rights in the Units held by you or, if you are a Superannuation Investor, on your behalf by the Security Trustee. If the value of your Units on the relevant Unit Valuation Date as described on the Flexi Website is greater than the amount you owe under your Limited Recourse Investment Loan then the difference will be paid to you or as you direct by the Loan Provider (provided you have no amount outstanding on any Interest Loan).

The amount payable to you by the Loan Provider will be used by the Loan Provider to prepay any amount you owe under the Investment Loan (and any Interest Loan). The Walk-Away feature can only be exercised by you if:

(a) the minimum repayment amount is AUD10,000, and in AUD1,000 increments above that; and

(b) following any repayment, the principal under the Limited Recourse Investment Loan would be no less than the Minimum Investment Amount.

In addition, if you exercise the Walk-Away feature any prepaid interest on your Limited Recourse Investment Loan will not be refunded, and if you have an Interest Loan, all outstanding amounts under the Interest Loan must be repaid in full.

If you do not exercise the Walk-Away feature on a Walk-Away Date, the Walk-Away feature for that Walk-Away Date will expire on that Walk-Away Date.

4.1.6. The Walk-Away feature – Full Recourse Investment Loan borrowers

If you choose the Full Recourse Investment Loan, you will be able to exercise the Walk-Away feature by directly redeeming your Units on any Walk-Away Date.

You can exercise the Walk-Away feature by submitting a Withdrawal Form to the Loan Provider on the 15th day of the month prior to the relevant Walk-Away Date (the **'Notification Date'**). If the Loan Provider does not receive a Withdrawal Form by the Notification Date you will continue to hold your Units and be required to fulfil any interest payment or other obligations under your Loans. If the Notification Date falls on a day which is not a business day in Sydney, then you must submit a Withdrawal Form and the Loan Provider must receive it on the last business day before the 15th day of the month prior to the Notification Date.

If you exercise the Walk-Away feature, you must repay the principal amount (and outstanding interest, if any) of your Full Recourse Investment Loan. This is a full recourse obligation which means that if the value of your Units is less than the amount payable under your Full Recourse Investment Loan you will need to fund the difference from your own resources. This may occur if the Collateral Counterparty does not fulfil its obligations under the Collateral Agreement. In addition, if you exercise the Walk-Away feature any prepaid interest on your Full Recourse Investment Loan will not be refunded, and if you have an Interest Loan, all outstanding amounts under the Interest Loan must be repaid in full.

On Walk-Away, the amount payable to you by the Fund will be the value of your Units on the relevant Unit Valuation Date (as described on the Flexi Website).

The Walk-Away feature can only be exercised by you if:

(a) the minimum repayment amount is AUD10,000, and in AUD1,000 increments above that; and

(b) following any repayment, the principal under the Full Recourse Investment Loan would be no less than the Minimum Investment Amount.

While the Responsible Entity intends to allow redemption of Units to fund repayment of an Investor's Full Recourse Investment Loan, under the Fund constitution it has a discretion to accept or reject redemption requests.

4.2. INTEREST LOAN

4.2.1. Full recourse Interest Loan

For approved Investors, an Interest Loan may also be available at the discretion of the Loan Provider to fund 100% of the net interest payments on your Investment Loan (after

39. This does not include any outstanding amounts owing on any Interest Loan or other loan that will become payable on exercise of the Walk-Away feature.

taking into account any Distributions applied to pay the interest amounts payable by you). Interest Loans are not available to Superannuation Investors.

Repayment of the Interest Loan is a full recourse obligation and the term of the Interest Loan cannot be extended. This means that you may be required to use your own funds to cover any amount payable by you under the Interest Loan if you exercise the Walk-Away feature before Maturity, or if you default under the Loan Agreement.

The Mortgage will also secure your obligations under the Interest Loan. This means that if you exercise the Walk-Away feature and the value of your Units on the relevant Unit Valuation Date as described on the Flexi Website is greater than the amount you owe under your Investment Loan, the difference will be used to repay any amount owing on any Interest Loan before the excess is paid to you or as you direct.

The Interest Loan will commence on the relevant Unit Issue Date and is to be repaid in 12 monthly principal and interest payments starting the last date of the calendar month after the month in which the relevant Unit Issue Date occurs, in accordance with your initial confirmation (refer to Section 3.3.1 of Part II 'Initial confirmations'). If you apply for an Interest Loan, you will be taken to have applied for a further Interest Loan for each subsequent interest period beginning on the anniversary of the Unit Issue Date, unless:

- you elect not to draw down in a particular Interest Period and notify the Loan Provider of your intention at least 15 business days prior to the next anniversary of the Unit Issue Date;
- any of the conditions specified in clause 2.1 in either the Limited Recourse Loan Agreement or Full Recourse Loan Agreement (as applicable) are not met or not waived by the Loan Provider; or
- you submit a Withdrawal Form.

The Interest Loan is repayable monthly in arrears by principal and interest payments over the 12 months following the drawdown of the Interest Loan. You will be required to repay the Interest Loan, plus interest and any applicable break costs if you exercise the Walk-Away feature. The amount of the applicable break costs will be determined by a number of factors including the size of your Loans and movements in interest rates.

4.2.2. Interest payable on the Interest Loan

Interest on all Interest Loans is at an interest rate that is fixed for one year. The indicative interest rate in respect of an Offer is available on the Flexi Website.

The interest rates on the Interest Loans for the Interest Period from the relevant Unit Issue Date to the day prior to the first anniversary of the Unit Issue Date will be determined by the Loan Provider approximately three business days prior to an Offer Close date and published at the Flexi Website. The interest rates on the Interest Loans for subsequent Interest Periods will be determined by the Loan Provider shortly before the start of the relevant Interest Period and will be published on the Flexi Website and advised to Investors by way of a Loan Confirmation. The Loan Provider reserves the right to offer different interest rates to different Investors. Please check the Flexi Website for any updates in relation to the interest rates.

4.2.3. Exercise of Walk-Away feature and prepayment of Interest Loan

If you choose to exercise the Walk-Away feature before Maturity, you must prepay your Interest Loan. You will need to pay the unpaid balance of the principal amount of the Interest Loan (if applicable) plus any interest and any break costs applicable to the Interest Loan. Such obligations are full recourse obligations for you. Refer to clause 23 of the Loan and Put Option Agreement and clause 19 of the Loan and Security Agreement (in Section 5 of Part II) for details on break costs.

4.3. CONSEQUENCES ON EVENT OF DEFAULT – LIMITED RECOURSE INVESTMENT LOAN BORROWERS

On an Event of Default, (which are listed in clause 19 of the Loan and Put Option Agreement (in Section 5.1 of Part II), and include any non payment of interest) the Loan Provider may declare your Limited Recourse Investment Loan and any Interest Loan (if applicable) immediately due and payable and you will be required to repay the Loans. As the Limited Recourse Investment Loan is limited recourse, any amount payable by you to the Loan Provider may only be discharged from the amount the Loan Provider can obtain by enforcing its rights under the Mortgage (which may include the disposal or redemption of all or some of your Units) and by enforcing its rights under the Collateral Security in respect of your interest in the Cash Collateral. However, any remaining amounts outstanding in respect of your Interest Loan must be paid by you, including any interest and break costs that may apply.

See Section 5.1 of Part II 'Loan and Put Option Agreement' for more information.

4.4. CONSEQUENCES ON EVENT OF DEFAULT – FULL RECOURSE INVESTMENT LOAN BORROWERS

On an Event of Default (which are listed in clause 17 of the Loan and Security Agreement, and include any non payment of interest) the Loan Provider may declare your Full Recourse Investment Loan and any Interest Loan (if applicable) immediately due and payable and you will be required to repay the Loans. As the Full Recourse Investment Loan is a full recourse obligation, this means that if the value of your Units is less than the amount payable under your Full Recourse Investment Loan, which could arise as a result of the failure of the Collateral Counterparty to fulfil its obligations under the Collateral Agreement, you will need to fund the difference from your own resources. Any remaining amounts outstanding in respect of your Interest Loan must also be paid by you, including any interest and break costs that may apply.

See Section 5.2 of Part II 'Loan and Security Agreement' for more information.

5 / Fees and other costs

Set out below is a general consumer advisory warning that is required to be included in the PDS under the Corporations Act. Specific information about the fees and costs charged in respect of the Fund and Loans are set out below.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

5.1. FEES AND OTHER COSTS

Table 12 below shows fees and other costs that you may be charged. These fees and costs may be deducted from your money or from the returns on your investment or from the Fund assets.

Information on taxes is set out in Section 6 of Part I 'Taxation'.

You should read all of the information about fees and costs, because it is important to understand the impact on your investment.

Table 12: Summary of fees and costs associated with an investment in the Fund

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the fund		
Establishment fee[40] The fee to open your investment.	Not applicable	Not applicable
Contribution fee The fee on each amount contributed to your investment.	Not applicable	Not applicable
Withdrawal fee The fee on each amount you take out of your investment.	Not applicable	Not applicable
Termination fee The fee to close your investment.	Not applicable	Not applicable
Management costs		
The fees and costs for managing your investment.	There is a Responsible Entity Fee of 0.5125%pa (inclusive of GST net of any reduced input tax credit) of the Investment Amount per Unit Class for the Fund.[41]	The Responsible Entity Fee is payable out of the assets of the Fund on each anniversary of the Unit Issue Date during the Term (or is accrued until paid), and reflected in the Unit price.
Service fees		
Investment switching fee The fee for changing investment options.	Not applicable	Not applicable

40. An additional fee will apply to your Investment Loan. Please refer to Section 5.3.5 of Part I 'Loan Establishment Fee' for more information.
41. These costs are funded by the excess payments received under the Collateral Agreement.

5.2. EXAMPLE OF ANNUAL FEES AND COSTS

Table 13 gives an example of how the fees and costs for this Fund can affect your investment over a one year period. You should use this table to compare this Fund with other managed investment products.

Table 13: Example of annual fees and costs for an investment in the Fund

EXAMPLE – Investment in the Fund		BALANCE OF AUD50,000
Management costs	0.5125%pa (inclusive of GST net of any reduced input tax credit) of the Investment Amount for the Fund.[42]	For every AUD50,000 you have in the Fund, you will be charged AUD256.25 (inclusive of GST net of any reduced input tax credit) each year.
EQUALS cost of fund		If you had an investment of AUD50,000 at the beginning of the year, you would be charged fees of AUD256.25 pa[43] (including GST net of any reduced input tax credit). What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.

Additional fees and costs apply:

- **Loan Establishment Fee –** AUD1,000, being 2% of the Investment Amount of AUD50,000 (please refer to Section 5.3.5 of Part I 'Loan Establishment Fee' for more information);
- **Interest payments on the Investment Loan and Interest Loan (if applicable) –** please refer to Section 4 of Part I 'Loans' for more information;
- **Break costs on the Interest Loan (if applicable) –** please refer to Section 4 of Part I 'Loans' for more information; and
- **Management costs and performance fee costs (if applicable) –** payable in respect of the MQ Asia Long Short Fund (relevant for Asia Long Short Classes) and the ETFs comprising Asian Equity Classes (please refer to Section 5.3.10 of Part I 'Fees specific to Asia Long Short Classes' and Section 5.3.11 of Part I 'Fees specific to Asian Equity Classes').

5.3. ADDITIONAL EXPLANATION OF FEES AND COSTS

5.3.1. Adviser remuneration

Financial advisers may receive commissions from MFPML based on the value of the Investment Amount. Accordingly, the larger your Investment Amount, the higher the remuneration of your financial adviser. These commissions comprise upfront and ongoing commissions as described below.

Please check with your financial adviser as they should disclose to you any benefits that they receive from MFPML.

Please note that MFPML may at its sole discretion decline to pay commissions to your financial adviser if you are in default under the relevant Loan Agreement entered into in respect of your Investment Loan or Interest Loan.

5.3.1.1. Upfront commissions

MFPML may pay out of its own funds to an Investor's financial adviser upfront commissions of 2.2% (including GST) of the Investment Loan. You and your adviser may agree to a rebate of some or all of this commission, see Section 5.3.1.3 of Part I 'Commission rebates' for more information.

If you invest AUD50,000 into the Fund, and you and your financial adviser agree not to rebate some or all of your Loan Establishment Fee, MFPML will pay your adviser AUD1,100 (including GST) (that is, AUD50,000 x 2.2%) as an upfront commission.

MFPML may also pay out of its own funds, an additional upfront commission of up to 1.1% (including GST) of the Investment Amount. This additional commission will be payable in certain circumstances including where the dealer group that your financial adviser is a part of has written a minimum amount of total business with MFPML.

5.3.1.2. Ongoing commissions

MFPML may pay out of its own funds trailing commissions of up to 0.55%pa (including GST) of the Investment Loan to your financial adviser. You and your adviser may agree to rebate all of this commission, see Section 5.3.1.3 of Part I 'Commission rebates' for more information.

If you invest AUD50,000 into any Unit Class, and you and your financial adviser agree to not rebate any of the trailing commission, MFPML will pay your financial adviser AUD275 (including GST) (that is, AUD50,000 x 0.55%) pa as an ongoing commission.

MFPML may also pay out of its own funds, an additional trailing commission of up to 0.33%pa (including GST) of the Investment Loan. This additional commission will be payable in certain circumstances including where the dealer group that your financial adviser is a part of has written a minimum amount of total business with MFPML.

42. An additional fee will apply to your Investment Loan. Please refer to Section 5.3.5 of Part I 'Loan Establishment Fee' for more information.
43. These costs are funded by the excess payments received under the Collateral Agreement.

Trailing commissions will not be payable for any year of the Term in which an Investor exercises the Walk-Away feature or otherwise redeems their investment prior to Maturity.

5.3.1.3. Commission rebates

Depending upon your arrangements with your financial adviser, your financial adviser may be required to rebate to you a portion of their upfront commission and/or ongoing commission payable by MFPML. If so, the Loan Provider will reduce your Loan Establishment Fee by the rebated amount (in the case of a rebate of upfront commission) and/or reduce the interest payable on your Investment Loan in the second and subsequent years (in the case of a rebate of ongoing commission), by that rebated amount. Any such agreement between you and your financial adviser should be indicated in the appropriate place on the Application Form accompanying to this PDS (please refer to Section 5.3.5 of Part I 'Loan Establishment Fee' for more information).

5.3.1.4. Soft dollar benefits

MFPML or the Loan Provider may also enter into arrangements with financial advisers to provide non-monetary or monetary benefits to brokers and financial advisers in addition to, or instead of, the commissions discussed above. This may include where MFPML or the Loan Provider considers that the broker or financial adviser has undertaken extensive marketing of the Fund or the Loans. Examples of non-monetary benefits include invitations to conferences, professional development, accommodation or travel. These benefits may be provided to advisers in addition to, or instead of, commissions.

5.3.2. Management costs – responsible entity fee

The Fund will pay the Responsible Entity a Management Fee equal to 0.5125% (inclusive of GST net of any reduced input tax credit) of the Investment Amount per Unit Class for the Fund each year. These costs are funded out of the excess payments received under the Collateral Agreement.

5.3.3. Interest payments on Loans

Investors must pay interest on the Investment Loan and Interest Loan (if applicable) to the Loan Provider. You should refer to Section 4 of Part I 'Loans' for more information on interest payments.

5.3.4. Certain rebates of fees, commissions etc to Responsible Entity

Any rebates of fees, commissions or charges received by MFPML in connection with the Fund's investment in a Reference Asset will not form part of the assets of the Fund and will be owned by MFPML in its own capacity. MFPML may receive money from managers of the Reference Assets and may use this money to pay for expenses associated with marketing the Fund.

5.3.5. Loan Establishment Fee

A Loan Establishment Fee of 2% of the Investment Loan will be charged by the Loan Provider to successful applicants. For example, assuming an Investment Loan of AUD50,000, the amount of the Loan Establishment Fee will be equal to AUD1,000.

As noted in Section 5.3.1.3 of Part I 'Commission rebates', this fee may be reduced if you and your financial adviser agree to rebate a portion of the upfront commissions that the financial adviser receives, in which case the Loan Provider will reduce your Loan Establishment Fee by that rebated amount. The Loan Provider retains the right to not charge the Loan Establishment Fee.

For Investors that choose to pay interest annually in advance (that is, do not utilise an Interest Loan), this fee is payable as one upfront amount at the commencement of the Investment Loan. For Investors who choose to utilise, and are approved for, an Interest Loan facility the Loan Establishment Fee is payable in 12 equal monthly instalments over the first year of the Investment Loan starting the last date of the calendar month in which the relevant Unit Issue Date occurs. If you choose to Walk-Away before the first anniversary of the Unit Issue Date you will be required to repay this amount, in addition to the amount under the Interest Loan. No break costs will apply to the repayment of the Loan Establishment Fee. In both cases, the Loan Establishment Fee will be direct debited from your nominated account at the same time as your required interest payment.

5.3.6. Referral reimbursement

The Loan Provider may reimburse MFPML for certain amounts paid as commissions on behalf of the Loan Provider. This amount will be paid out of the Loan Provider's own funds and not by Investors or out of the assets of the Fund.

5.3.7. Additional loan fees and costs

There may be additional administrative and other fees, costs, duties and charges on your Loans, including, for corporate applicants, the cost of registering a charge over the company's assets with ASIC. For details of these fees please refer to clause 13 of the Loan and Put Option Agreement and clause 10 of the Loan and Security Agreement in Section 5 of Part II.

5.3.8. The Responsible Entity's fee entitlements

The Constitution for the Fund permits MFPML to:

(a) charge an application fee of up to 5.5% (including GST) of the application money in respect of each application for Units in the Fund,

(b) charge a fee of up to 2.2%pa (including GST) of the aggregate application prices paid for Units issued from the assets of the Fund; and

(c) be reimbursed out of the assets of the Fund for certain expenses incurred in connection with it acting as Responsible Entity. There is no limit on the amount of expense reimbursements the Responsible Entity may make, provided that the expenses are properly incurred.

However, the Responsible Entity has decided not to charge application fees or reimburse expenses from the Fund in relation to any offer of Units that relates to this PDS.

5.3.9. Tax costs

Please see Section 6 of Part I 'Taxation' for a detailed explanation of taxes and stamp duty costs (if any) associated with an investment in the Fund.

5.3.10. Fees specific to Asia Long Short Classes

For Investors in Asia Long Short Classes, there are fees and costs associated with the Reference Asset and the management of the Reference Asset. Although these fees are not charged from the assets of the Fund, they are relevant to determining the amount payable by the Swap Counterparty at the end of each Distribution Period of the Term or on early termination of the Investment Linked Swap Agreements and, accordingly, are reflected in the value of Asia Long Short Classes throughout the Term. Table 14 below outlines these fees and costs.

Table 14: Fees associated with the MQ Asia Long Short Fund (Reference Asset for Asia Long Short Classes)

Type of fee or cost	Description	How and when paid
Management fee	The Underlying Fund Manager will be entitled to receive a management fee based on the net asset value of the class of shares of the MQ Asia Long Short Fund which Asia Long Short Classes are exposed to (before deducting any accrued management and performance fees to which the Underlying Fund Manager is entitled) plus all out-of-pocket expenses relating to the management of the MQ Asia Long Short Fund incurred by the Underlying Fund Manager.	1.50%pa payable monthly in arrears.
Performance fee	The Underlying Fund Manager is also entitled to receive a performance fee in respect of the class of shares of the MQ Asia Long Short Fund which Asia Long Short Classes are exposed to. The performance fee will be measured with reference to a 'high water mark' which is the greater of the net asset value per share of the class of shares of the MQ Asia Long Short Fund to which Asia Long Short Classes are exposed at the time of issue of that share and the highest net asset value per share of that class in respect of which a performance fee has been paid at the end of any previous performance period (if any) during which that class of share was in issue (the **'Peak Net Asset Value'**). The performance fee in respect of a performance period will be calculated by reference to the net asset value per share of that class before deduction for any accrued performance fee. If a subscription for shares is made at a time when the net asset value of that class is other than the Peak Net Asset Value per share of that class, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the Underlying Fund Manager. Such adjustments are commonly referred to as 'equalisation'.	20% of positive performance of the returns of the MQ Asia Long Short Fund subject to a high water mark that is accrued daily. The performance fee accrues daily and is payable half yearly or on the redemption of shares on which a performance fee entitlement arises. The performance fee is calculated on a share-by-share basis so that each share is charged a performance fee which equates precisely with that share's performance.
Administration fees	The administrator of the MQ Asia Long Short Fund will be paid a service fee at commercial rates agreed with the directors of the MQ Asia Long Short Fund from time to time. In addition, the administrator is entitled to recover out-of-pocket expenses in performing its services together with certain transaction costs.	From time to time as agreed between the administrator and the directors of the MQ Asia Long Short Fund.
Prime brokerage fees	The prime broker will be entitled to interest on any advances which it makes to the MQ Asia Long Short Fund and such other fees as may be agreed in relation to any other facilities the prime broker makes available to the MQ Asia Long Short Fund.	Payable from time to time as incurred by the MQ Asia Long Short Fund.

The MQ Asia Long Short Fund may incur other general expenses such as director's fees, transaction costs and derivatives contracts fees.

The Fund does not invest directly in the Reference Asset and therefore it is not possible to provide an example of the amount of these Reference Asset fees payable by the Fund.

5.3.11. Fees specific to Asian Equity Classes

For Investors in Asian Equity Classes, there are fees and costs associated with the management of the ETFs that comprise the Reference Asset, i.e. the TFHK and HSHSI. Although these fees are not charged from the assets of the Fund, they are relevant to determining the amount payable by the Swap Counterparty at the end of each Distribution Period of the Term or on early termination of the Investment Linked Swap Agreements and, accordingly, are reflected in the value of Asian Equity Classes throughout the Term. Table 15 below outlines these fees and costs.

Table 15: Fees associated with the Reference Asset ETFs for Asian Equity Classes

Type of fee or cost	Description	How and when paid
Management fee	The Underlying Fund Managers will be entitled to receive a management fee based on the net asset value of the shares of the ETFs which Asian Equity Classes are exposed to plus all out-of-pocket expenses relating to the management of the ETFs incurred by the Underlying Fund Managers.	For Asian Equity Classes, these will represent approximately 0.12%pa.[44]
Trustee fee	The Trustees of the ETFs may receive a trustee fee based on the net asset value of the share of the ETFs which Asian Equity Classes are exposed to.	For Asian Equity Classes, these will represent approximately 0.02%pa.[44]
Performance fee	Performance fees are not paid.	Not applicable.
Administration fees	The administrators of the ETFs will be paid a service fee at commercial rates agreed with the directors of the ETFs from time to time. In addition, the administrators are entitled to recover out-of-pocket expenses in performing their services together with certain transaction costs.	From time to time as agreed between the administrators and the directors of the ETFs.
Prime brokerage fees	The prime brokers will be entitled to interest on any advances which they make to the ETFs and such other fees as may be agreed in relation to any other facilities the prime brokers make available to the ETFs.	Payable from time to time as incurred by the ETFs.

44. Figures based on fees disclosed in current ETF offer documents as at 27 August 2010.

6 / Taxation

This tax summary outlines the key Australian income tax, stamp duty and goods and services tax ('GST') implications arising for Investors who acquire Units in the Fund. This tax summary is based on Australian tax laws in force or proposed and administrative practices generally accepted as at the date of this PDS. Investors should be aware that these laws and practices may change during the Term and that any changes may give rise to a different taxation outcome. All references in this tax summary to legislative provisions are to provisions of the Tax Act, unless otherwise stated.

The information contained in this summary is of a general nature only. It does not constitute legal or tax advice and does not seek to address all of the tax issues that may be relevant to a particular Investor. Prospective Investors should seek independent tax advice relevant to their own particular facts and circumstances. Furthermore, the summary is limited in scope to the key tax implications for Investors who are residents of Australia for tax purposes, who hold their Units in the Fund and any put options on capital account and whose dealings are all at arm's length. Please note that if you choose the Limited Recourse Investment Loan and enter into the investment with the intention to exercise the Walk-Away feature, some of the comments below (in particular, in relation to interest deductibility) may not apply to you and you should seek your own advice on the tax implications of your investment if you are in these circumstances.

6.1. TAX TREATMENT OF THE FUND

The Fund should be treated as an ordinary trust estate for the purposes of the Tax Act. Given that the Fund's Constitution provides for all of the distributable income of the Fund to be distributed each Financial Year, to the extent that the Fund has at least AUD1.00 of distributable income, MFPML should not be liable to tax on the Fund's net (taxable) income. Instead, you will be required to include your share of the net income of the Fund in your own assessable income.

6.1.1. Net income of the Fund

Division 230 (Taxation of Financial Arrangements or **'TOFA'**) of the Tax Act will apply to the Fund in relation to financial arrangements entered into on or after 1 July 2010. The broad objective of TOFA is to tax certain financial arrangements on revenue account and on an accruals or realisation basis. The investments of the Fund referable to the Unit Classes offered under this PDS will be subject to the TOFA provisions. The Responsible Entity of the Fund does not intend to apply any of the elective methods of bringing to account any gains or losses on the Fund's investments and as a result the TOFA rules are not expected to change the general tax treatment of the Fund.

The net income of the Fund will be determined on a global basis (i.e. across all Unit Classes) and should take into account the following assessable or deductible items:

- interim receipts and payments under the Swap Agreement;
- receipts which the Fund may receive if there is a partial early termination of the Swap Agreement;
- any receipts under the Swap Agreement at Maturity;
- interest received on the Cash Collateral; and
- any miscellaneous expenses or fees that the Responsible Entity may be entitled to claim or charge from time to time.

It is expected that any gains derived by the Fund will be ordinary income for tax purposes and thus it is not expected that you would be entitled to any Capital Gains Tax (**'CGT'**) discount (see below) in respect of distributions from the Fund. The Fund is not expected to derive any income of a kind which would enable it to distribute franking credits or foreign tax credits to Investors. Finally, no component of the Fund's income is expected to be from sources outside Australia.

If the Fund is in a tax loss position for a Financial Year, this loss cannot be distributed to you. However, such a loss may be able to be carried forward and deducted against future income of the Fund if the Fund meets certain requirements in relation to how many Investors hold Units in the Fund at all times until Maturity.

6.2. INVESTOR'S TAX TREATMENT

6.2.1. Distributions

Each Unit Class may give rise to an annual interim or final distribution throughout the Term or a distribution on redemption (either at Maturity or prior to Maturity or both).

The net income of the Fund for tax purposes will be determined on a global basis (i.e. across all Unit Classes). As a result, any assessable income arising in respect of one Class Portfolio may be offset by deductions of other Class Portfolios of the Fund. To the extent that this occurs, you may receive a distribution in excess of your entitlement to the net income of the Fund for tax purposes. To the extent that you receive a distribution that is greater than your share of the net (taxable) income of the Fund (such that the distribution is not assessed to you), the cost base of your Units will be reduced.

6.2.2. Gains or losses on disposal of Units

Calculation of cost base

You will be required to calculate the cost base of your Units for CGT purposes. The cost base of your Units will include, among other things, the amount paid to acquire the Units and any incidental costs. In addition, your cost base may be reduced by the receipt of non-assessable distributions from the Fund, if any.

That is, where you receive a distribution in excess of your share of the net income of the Fund, the amount of

the distribution not included in your assessable income will reduce the cost base in your Units (and give rise to a capital gain on the Units to the extent that it exceeds your cost base in the Units).

Calculation of capital gain
You may crystallise a capital gain or capital loss when you dispose of your Units. As a general rule, where the proceeds on disposal of your Units are greater than the cost base of those Units, you will make a capital gain. The amount of proceeds on disposal will depend on whether or not you redeem your Units at Maturity, or at an earlier date or whether you dispose of your Units to a third party.

Redemption at Maturity
As described above, if you redeem your Units at Maturity, your total redemption proceeds may comprise both a final distribution of income from the Fund and a payment for the redemption of your Units. In these circumstances, only the component relating to the payment for the redemption of Units will be relevant in determining whether or not you make a capital gain or loss.

Redemption prior to Maturity (Full Recourse Investment Loan borrowers only)
As described above, if you choose to redeem your Units before Maturity, your total redemption proceeds may consist of an interim distribution of income from the Fund (resulting from any gain the Fund may derive in having to unwind the Swap Agreement) and a payment for the redemption of your Units. Again, only the component relating to the payment for the redemption of your Units will be relevant in determining whether or not you crystallise a capital gain or loss.

Disposal of Units to a third party (including Walk-Away for Limited Recourse Investment Loan borrowers)
Where you are able to assign or sell your Units to a third party, the total sale proceeds you receive for this assignment will be taken into account in determining whether you make a capital gain or capital loss.

6.2.3. Other CGT considerations

CGT discount
If you are an individual, trust or complying superannuation entity you may be entitled to the CGT discount. This concession means that only half (if you are an individual or trust) or two thirds (if you are a complying superannuation entity) of any capital gain on Units which are held for more than twelve months will be included in your assessable income.

Capital losses
If you make a capital loss on the disposal of your Units, this loss will only be able to be offset against capital gains you derive from other sources and not against other ordinary income like distributions or wages. However, capital losses can be carried forward and used to offset capital gains you may make in later years (subject to special rules if you are a trust).

Put options – Limited Recourse Investment Loan Borrowers
If you choose the Limited Recourse Investment Loan, each year you will be granted put options, each of which is exercisable on the relevant Walk-Away Date. The cost base (and reduced cost base) of each put option will include the cost of the put options. Each Walk-Away Date is a date upon which capital protection can be invoked. To the extent that you do not exercise the Walk-Away feature and therefore do not exercise a put option on the Walk-Away Date, the relevant put option will lapse.

Each time that a put option lapses, you should incur a capital loss at that time equal to the reduced cost base of the put option.

If you exercise the Walk-Away feature and therefore exercise a put option on a Walk-Away Date the cost base (and reduced cost base) of your Units will include the cost of acquiring your put option.

A separate CGT calculation will also need to be undertaken in respect of any capital gain or loss you realise on redemption or sale of your Units.

For further information on the cost of the put options, please refer to Section 6.3.2 of Part I 'Capital protected products' below.

6.3. INTEREST DEDUCTIBILITY

6.3.1. General principles

Under general taxation principles, you should be able to claim a tax deduction for any interest expense on an Investment Loan and an Interest Loan if you have the clear intention of holding the Units to produce non-capital gains assessable income, and the amount of assessable income and taxable gains you expect to derive from the investment exceeds the total allowable deductions (including interest) that you expect to incur. Accordingly, it will be necessary for you to demonstrate that, at the time you acquired your Units, you had this clear intention.

In particular, if you expect to walk-away, redeem or otherwise dispose of your Units prior to Maturity without having derived sufficient assessable income from your investment which, together with any taxable gains, in aggregate, exceed your interest expenses, your intention to hold the Units to produce assessable income might be open to question and may result in your interest expenditure being non-deductible. You should be aware that the ATO is reviewing the deductibility of interest on various investment loans for broadly similar investment products and therefore you should consider obtaining professional advice relevant to your facts and circumstances with respect to this issue, before investing in the Fund.

6.3.2. Capital protected products

Division 247 of the Tax Act applies to certain 'capital protected borrowings' entered into on or after 1 July 2007. Division 247 will deny a deduction for expenses incurred under a capital protected borrowing if the total of the expenses referable to the capital protected borrowing (the

'Total Expenses') for an income year exceeds the amount that would have been incurred if the benchmark rate (as determined by the Tax Act) (the **'Benchmark Rate'**) had been applied. The amount above what would have been incurred if the Benchmark Rate had been applied will not be deductible. This excess amount would be deemed to be the cost of acquiring the put options (for Limited Recourse Investment Loan Borrowers), and would be relevant for CGT purposes upon the exercise or lapse of the put options, as discussed in Section 6.2.3 of Part I 'Other CGT considerations'.

Limited Recourse Investment Loan borrowers

Division 247 of the Tax Act will apply to the Limited Recourse Investment Loan.

Whilst not entirely clear, it is anticipated that the ATO would not seek to apply Division 247 of the Tax Act to an Interest Loan for an Investor who borrows using a Limited Recourse Investment Loan. In these circumstances, the Total Expenses (referred to above) will only include interest on the Investment Loan and will not include interest on the Interest Loan. The portion of the interest on the Interest Loan that relates to the deductible portion of the interest on the Investment Loan will be deductible to an Investor. However, the portion of the interest on the Interest Loan that relates to the cost of acquiring the put options (as determined in accordance with paragraph 6.3.2 above) (hereafter referred to as the 'Put Option Interest') will not be deductible to an Investor. The Put Option Interest will be included in the cost base of the put option, but will not be included in the reduced cost base of the put option. In these circumstances, if an Investor lets their put option lapse, they will not be entitled to include the Put Option Interest amount in the calculation of the capital loss incurred on the relevant Walk-Away Date.

Further, if an Investor exercises their put option on a relevant Walk-Away Date, the Investor may not include the Put Option Interest amount in the cost base (or reduced cost base) of their Units. In these circumstances only the cost of acquiring the put options (as determined in accordance with paragraph 6.3.2 above) will be so included.

However, in the event that Division 247 of the Tax Act does apply to an Interest Loan taken out by a Limited Recourse Investment Loan borrower, the Total Expenses (referred to above) will include both the interest on the Investment Loan and the interest on the Interest Loan. In these circumstances, the ATO should treat the Put Option Interest as relating to the acquisition cost of the put options. As such, the Put Option Interest would not be deductible, but would be included in both the cost base and reduced cost base of the Investor's put options. In these circumstances, the Put Option Interest should be taken into account on lapse of the put option or on exercise of a put option on a Walk-Away Date.

Limited Recourse Investment Loan borrowers who take out an Interest Loan should use a reasonable basis to apportion the interest on the Interest Loan between the deductible interest and the non-deductible Put Option Interest.

In determining the amount of interest for a Limited Recourse Investment Loan borrower that is not deductible in relation to a specific year of income, Investors should use the Benchmark Rate at the time the first of the Total Expenses is incurred for the relevant part of the borrowing term (e.g. the Benchmark Rate applicable as at the time of the first interest prepayment for the Total Expenses relating to the 12 months to the day prior to the first anniversary of the relevant Unit Issue Date).

The Loan Provider will advise you if the Total Expenses for an income year exceeded what would have been incurred if the Benchmark Rate had been applied.

Subject to the comments below regarding the proposed changes to the Benchmark Rate, it is not anticipated that the Total Expenses for each income year in respect of an investment in the Fund will exceed what would otherwise be incurred by an Investor if the Benchmark Rate were to be applied. In those circumstances, there would be no denial of interest deductions pursuant to Division 247.

On 11 May 2010, as part of the 2010-11 Federal Budget, the Assistant Treasurer announced that the Benchmark Rate will be changed from the Reserve Bank of Australia's indicator variable rate for personal unsecured loans to the Reserve Bank of Australia's indicator rate for standard variable housing loans plus 100 basis points (the **'Proposed Benchmark Rate'**). It is intended that the Proposed Benchmark Rate applies to capital protected borrowings entered into from 7:30pm (Sydney time) 13 May 2008.

As at the date of this PDS, the most recent Proposed Benchmark Rate was for the month of August 2010 and was 8.40%pa.[45] Please check the Reserve Bank of Australia (**'RBA'**) website for updates to this rate. As at the date of this PDS, these rates were available on the RBA website at rba.gov.au/statistics/tables/index.html at Table F5.

The Responsible Entity anticipates that an Investor's Total Expenses for each income year of the investment would exceed the amount that would otherwise be incurred by an Investor if the Proposed Benchmark Rate were to be applied. Accordingly, there would be some denial of interest deductions if the proposed amendments are enacted, such that the Proposed Benchmark Interest Rate applies to set a cap on the level of deductibility of any interest expense.

Investors should therefore consult their own tax adviser on the application of these provisions to their loan arrangements.

Full Recourse Investment Loan

Notwithstanding the Treasurer's announcement, based on the drafting of Division 247, there are strong arguments to support the view that the Full Recourse Investment Loan is not a 'capital protected borrowing' arrangement, as defined in Division 247. These arguments would also apply to an Interest Loan taken out by a Full Recourse Investment Loan borrower. Broadly,

45. Based on the Reserve Bank of Australia's indicator rate for standard variable housing loans – Bank Rate for August 2010 plus 100 basis points.

these arguments are based on the fact that an Investor remains liable to repay their loan in full even if the redemption payment from the Responsible Entity is insufficient to fully meet the Investor's repayment obligation (if for instance the Collateral Counterparty has defaulted on its obligations to return the Cash Collateral to the Fund).

Investors should, however, seek their own professional advice on the application of these provisions to their loan arrangements.

6.3.3. Timing generally/annual-in-advance payment

The following comments in relation to timing of tax deductions assume that you will be entitled to deductions for your interest payments under any Investment Loan and Interest Loan under the general principles described in Section 6.3.1 of Part I 'General principles'.

Individuals and small business entities

If you are:

- an individual who does not carry on a business; or
- a small business entity[46] and you do not make a choice to spread your deduction,

the timing of your deduction for the interest payments on your Investment Loan and your Interest Loan should be as shown below.

Amount paid	When deductible
Interest paid monthly in arrears on an Interest Loan	On a daily accruals basis.[47]
Annual-in-advance payment of interest on an Investment Loan	At the time of annual-in-advance payment provided that either: ■ the 300 unitholder/widely held test is passed; or ■ the tax positive test is passed (refer below). Otherwise the deduction will be spread evenly over the period to which that payment relates, that is, the following 12 months.

The 300 unitholder and the widely held test will be passed if, at the time of your annual-in-advance payment, the Fund meets certain tests including that it has at least 300 unitholders and that 75% or more of the Units are not held directly or indirectly by 20 or fewer individuals.

You will pass the tax positive test for a year if your assessable income from Units in the Fund for that year equals or exceeds your allowable deductions (including the interest on your Loans) for that year in respect of the Units.

Investment by an individual in the course of carrying on a business

If you make your investment in the Fund as an individual in the course of carrying on a business and you are not a small business entity, you will not be able to claim an immediate deduction for any annual-in-advance payment of interest on your Investment Loan unless that payment is for less than AUD1,000. If the deduction is for AUD1,000 or more, the deduction will be spread over the period to which that payment relates, that is, the following 12 months.

Investments by non-individuals

If you are not an individual and you are not a small business entity (for example, you are a trust that is not carrying on a business), you will not be able to claim an immediate deduction for any annual-in-advance payment of interest on your Investment Loan unless that payment is for less than AUD1,000. If the annual-in-advance payment is for AUD1,000 or more, the deduction will be spread over the period to which that payment relates, that is, the following 12 months.

6.4. PART IVA

The general anti-avoidance rules contained in Part IVA of the Tax Act are capable of broad application and should be carefully considered in relation to any investment decision. Part IVA is concerned with schemes where a party to the scheme has the sole or dominant purpose of obtaining a tax benefit (as defined in the Tax Act) for themselves or another party. For example, if it could be construed that your commercial objectives of investing in the Fund might, if Units in the Fund had not been offered as investments, have been achieved through a different arrangement having a different tax outcome, or if it could be construed that your use of the Walk-Away feature was predominantly directed towards achieving a tax purpose, then the possible application of Part IVA should be taken into account. You should consider obtaining expert taxation advice on the potential application of Part IVA.

46. You are a small business entity only if you are carrying on a business and satisfy a less than AUD2,000,000 aggregated turnover test. This is a broad summary of the test, and some detail has been omitted.
47. Except for those taxpayers to which the Simplified Tax System ('**STS**') transitional rules apply.

6.5. OTHER TAXATION ISSUES

6.5.1. Loan Establishment Fee

You will be entitled to claim a deduction for any Loan Establishment Fee you are required to pay. However, in circumstances where the Loan Establishment Fee paid by you in any income year is greater than $100, this deduction is required to be spread on a straight line basis over the shorter of 5 years or the term of the Investment Loan.

6.5.2. Taxation of financial arrangements

An investment in Units in the Fund should not be regarded as a financial arrangement subject to the TOFA rules. However, Investors should seek their own advice on the potential impact of TOFA, if any, on their investment in the Fund.

6.5.3. Stamp duty

You should not have to pay stamp duty in any State or Territory other than New South Wales upon the transfer, issue or redemption of Units provided that at the time of the transfer, issue or redemption there are no assets held by the Fund in either Queensland or South Australia and provided that the Fund is not a landholder or landrich in any State or Territory in Australia.

On the basis that the register on which the Units will be kept will be located in New South Wales, a transfer or an agreement to transfer your Units will give rise to a liability for stamp duty in New South Wales. Duty will be payable at the rate of 0.6% of the greater of the sale price (if any) and the value of the Units that you are transferring. The purchaser will be the person liable to pay the duty.

If you are a Superannuation Investor, the Mortgage that the Security Trustee gives to the Loan Provider over your Units, their proceeds and related rights will not be liable for any mortgage duty in New South Wales on the basis that the Mortgage will not secure any property which is in existence at the time that the Mortgage is first given.

If you are not a Superannuation Investor, the Mortgage given by you over the 'Mortgaged Property' (as defined in the Loan and Put Option Agreement or Loan and Security Agreement (as applicable)) will also not be liable for any mortgage duty in New South Wales on the basis that the Mortgage will not secure any property which is in existence at the time that the Mortgage is first given, provided that your Application Form is received by the Responsible Entity by the Offer Close date.

No duty will be payable on the Collateral Security if either the bank account in which the Cash Collateral is deposited is not located in New South Wales (i.e. with a branch in New South Wales) or, if the bank account is not in existence at the time when the Collateral Security is first executed by the Responsible Entity.

6.5.4. Tax file number

If you do not provide a tax file number or claim a valid exemption (or in certain circumstances provide an Australian Business Number), the Responsible Entity will be required to deduct tax from your distributions at the highest marginal tax rate plus Medicare levy (currently 46.5%).

6.5.5. GST

GST will not apply to the issue or redemption of Units or to the Loan Establishment Fee. GST may apply to the fees charged to the Fund by the Responsible Entity and some other expenses of the Fund. The Fund may be entitled to a reduced input tax credit (RITC) equal to 75% of the GST paid in respect of certain expenses.

6.5.6. Superannuation Investors

On 10 March 2010, the Minister for Financial Services, Superannuation and Corporate Law announced that the Government proposes to amend the tax law so that a superannuation trustee who enters into a limited recourse borrowing arrangement to purchase an asset under former subsection 67(4A) (now section 67A) of the SIS Act, will be treated as the owner of the asset for income tax purposes.

The summary of taxation implications set out above in this Section 6, as it applies to Superannuation Investors, assumes the enactment of this change in the terms announced.

The terms of the proposed change are set out in the consultation paper headed 'Income Tax Treatment of Instalment Warrants Proposals Paper' dated 10 March 2010.

In accordance with the announcement, the income tax amendments will apply for assessments for the 2007 – 2008 and later income years.

Superannuation Investors should note that, if the announced changes are not legislated, or are not legislated in accordance with the announcement, the summary above may not be applicable and different taxation implications may arise from an investment and Loan. Superannuation Investors should seek their own advice as to the application of the announced changes and the taxation implications of a proposed investment in their own particular circumstances.

6.5.7. Tax reform

On 7 May 2010, the Government announced that it is proposing to implement a new tax system for managed investment trusts, applicable from 1 July 2011. The rules, which are elective, are intended to provide greater certainty in relation to the tax treatment of managed investment trusts, however, no legislation has been introduced yet.

6.6. TAX LETTER

CLAYTON UTZ

Sydney Melbourne Brisbane Perth Canberra Darwin

Confidential

The Directors
Macquarie Financial Products Management Limited
No. 1 Martin Place
SYDNEY NSW 2000

13 September 2010

Our ref 15005/80110309

Dear Sirs

Macquarie Flexi 100 Trust

In our opinion, section 6 headed "Taxation" in Part I of the Product Disclosure Statement (**PDS**) dated on or about 13 September 2010 to be issued by Macquarie Financial Products Management Limited as responsible entity for the Macquarie Flexi 100 Trust, provides a correct summary of the main Australian income tax and stamp duty implications for a participating Investor who holds their Units on capital account.

This opinion is based on Australian taxation laws in force and administrative practices generally accepted as at the date of the PDS.

The discussion contained in section 6 of the PDS headed "Taxation" is of a general nature only and does not take into account the specific circumstances of any Investor. All Investors should seek their own independent advice on the taxation implications of their investment in the Macquarie Flexi 100 Trust.

Yours faithfully

Kirsten Fish, Partner
+61 2 9353 4757
kfish@claytonutz.com

1 O'Connell Street, Sydney NSW 2000, Australia
PO Box H3, Australia Square, Sydney NSW 1215, DX 370 Sydney
T +61 2 9353 4000, F +61 2 8220 6700

Legal\302033280.1

6.7. SUPERANNUATION INVESTOR LETTER

ALLEN & OVERY

Allen & Overy
Level 7, Gold Fields House
1 Alfred Street
Sydney NSW 2000
Australia

PO Box R1256
Royal Exchange
Sydney NSW 1225

Tel +61 (0)2 9373 7700
Fax +61 (0)2 9373 7710

The Directors
Macquarie Financial Products Management Limited
No. 1 Martin Place
SYDNEY NSW 2000

Our ref 0096364-0000003 AU:148999.2

13 September 2010

Dear Directors

Macquarie Flexi 100 Limited Recourse Investment Loan: Superannuation Law

1. INTRODUCTION

1.1 This letter is based on the Macquarie Flexi 100 Limited Recourse Loan and Put Option Agreement (**Loan Agreement**) and trust deed (**Trust Deed**), for borrowers of the Limited Recourse Investment Loan from Macquarie Specialist Investments Lending Limited (or such other Macquarie Group entity as determined by the issuer, Macquarie Financial Products Management Limited) (**Macquarie**), for the purchase of Units in the Macquarie Flexi 100 Trust (**Trust**).

1.2 This opinion does not apply to:

(a) the Limited Recourse Investment Loan and Interest Loan when taken together by a superannuation fund trustee (**super trustee**); or

(b) the Full Recourse Investment Loan.

A super trustee is prevented under superannuation law from entering into either an Interest Loan or a Full Recourse Investment Loan. Unless otherwise defined in this letter, capitalised terms have the same meaning as in these documents.

1.3 The opinion in this letter is given solely for the benefit of Macquarie, and should not be relied upon by any other person. This opinion is not intended to be financial product advice or a recommendation that anyone should acquire Units or enter into a Loan Agreement. Before investing, a super trustee should seek their own independent legal and financial advice as to whether investing in Units or entering into a Loan Agreement is permitted by superannuation laws and appropriate for their fund.

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1.4 This letter is given solely in respect of superannuation law in force and administrative practices generally accepted as at the date of this letter. Super trustees must take responsibility for any changes in law and practice during the term of the investment.

2. SUPERANNUATION LAW

2.1 A superannuation fund (fund) must comply with the requirements of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and its regulations.

2.2 While not an exhaustive list, the key requirements of superannuation law include:

(a) super trustees must not borrow money except in limited circumstances;

(b) super trustees must comply with the 5% limit on "in-house assets";

(c) super trustees must not give a charge over or in relation to an asset of their fund;

(d) super trustees have a statutory covenant to formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their fund; and

(e) super trustees have an obligation under the SIS Act and the general law to act in the best interests of the members of their fund.

2.3 This opinion assumes that super trustees who propose to apply for a Loan are aware of their obligation to formulate and implement an appropriate investment strategy that has regard to the whole of the circumstance of their fund and to act in the best interest of the members of their fund.

2.4 The key specific requirements of the SIS Act referred to above are discussed below.

3. BORROWING PROHIBITION

3.1 Trustees must not borrow or maintain an existing borrowing of money, except in limited circumstances (section 67 of the SIS Act, the "borrowing prohibition").

3.2 An exception to the borrowing prohibition allows a super trustee to borrow money under an arrangement with the following features which are relevant to the Loan Agreement and Trust Deed (section 67A of the SIS Act):

(a) the borrowing is used to acquire a single asset which the super fund is permitted by law to acquire and hold directly;

(b) the asset is held on trust so that the super fund acquires a beneficial interest in the asset;

(c) the super fund has a right to acquire legal ownership of the asset by making one or more payments after acquiring the beneficial interest; and

(d) the rights of the lender or any other person against the super fund for, in connection with, or as a result of (whether directly or indirectly) default on the borrowing (and any related borrowing charges) are limited to rights relating to the asset.

3.3 The question is whether the arrangement under the Loan Agreement and Trust Deed falls within this exception to the borrowing prohibition. In our view, it does as this arrangement has the following features:

(a) the borrowing may be used to acquire a single asset and, in this regard the Units, which are a collection of assets which have the same market value and are identical to each other, are treated as a single asset;

(b) a super trustee is permitted by law to acquire Units directly provided that it has the power to do so under the governing rules of the super fund and the acquisition is consistent with a properly formulated investment strategy, and the trustee considers that it is in the best interests of members to do so;

(c) the Units are held on trust by the Security Trustee and the super fund acquires a beneficial interest in the Units in accordance with the terms of the Trust Deed;

(d) the condition referred to in 3.2(c) above will be satisfied on the basis that a super trustee will have the right to call for the transfer of the Units to the super fund upon paying any Outstanding Monies under the Loan Agreement; and

(e) the requirement referred to in 3.2(d) above is satisfied as Macquarie's rights in relation to the Outstanding Monies are limited to a claim under the Security Trustee Guarantee to the Units and their proceeds. Importantly, there is no recourse against the super fund to recover any shortfall in the amounts owing to Macquarie under the Loan Agreement by bringing proceedings against the super fund or its members. In addition, as a condition of giving the loan to the super trustee, the responsible entity of the Trust will grant the Collateral Security to Macquarie in respect of the Cash Collateral and the terms of the charge provide that Macquarie's rights in relation to the super trustee are limited to the Units.

4. IN-HOUSE ASSETS RULE

4.1 Generally, super funds must not hold more than 5% of their assets in in-house assets. An in-house asset includes an investment in a related trust of the super fund.

4.2 A related trust includes a trust that a member or a trustee of a super fund controls within the meaning of the SIS Act. A member or a super fund trustee controls the trust for this purpose where:

(a) they have a fixed entitlement to 50% or more of the income or capital of the trust; or

(b) the trustee of the trust is reasonably expected, accustomed, or obliged to act in accordance with the directions of the member or super fund trustee.

4.3 Under the proposed arrangement, the Units are held on a bare trust by the Security Trustee for the super fund. This security trust may qualify as a related trust based on either limb of the above definition of control.

4.4 However, an investment which falls within the above exception to the borrowing prohibition will also fall within the exception to the in-house asset rules (section 71(8) of the SIS Act). On that basis, the security trust will not result in a contravention of the in-house asset rules.

5. CHARGING PROHIBITION

5.1 Under the SIS Act, a super trustee must not give a charge, such as a mortgage, lien or other encumbrance over or in relation to an asset of the super fund, subject to certain exceptions.

5.2 Under the Trust Deed, the Security Trustee is granting a mortgage in respect of the Mortgaged Property which will include the Units which are to be held by the Security Trustee.

5.3 Given that the mortgage is being granted by the Security Trustee, and not the super trustee, we do not believe that charging prohibition has been breached by the super trustee.

5.4 In any event, the granting to a lender of a right of recourse to the Units at the same time as the super trustee acquires a beneficial interest in the Units is a necessary feature of the exception to the borrowing prohibition in the SIS Act.

5.5 As a condition of giving the loan to the super trustee the responsible entity of the Trust will grant the Collateral Security to Macquarie in respect of the Cash Collateral. This does not breach the charging prohibition because there is no direction, authorisation or grant of this charge by the trustee of the superannuation fund. Any grant of security is by the responsible entity of the Trust.

6. CONCLUSION

6.1 For the reasons discussed above, in our view, the arrangements under the Loan Agreement and the Trust Deed comply with the specific requirements of superannuation law outlined above.

6.2 However, super trustees will also need to be satisfied that entering into the Loan Agreement and acquiring Units is consistent with a properly formulated investment strategy and is in the best interest of member's of the fund.

Yours faithfully

Allen & Overy

7 / Index disclaimers

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ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES (INCLUDING, WITHOUT LIMITATION AND FOR PURPOSES OF EXAMPLE ONLY, ALL WARRANTIES OF TITLE, SEQUENCE, AVAILABILITY, ORIGINALITY, ACCURACY, COMPLETENESS, TIMELINESS, NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ALL IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING AND COURSE OF PERFORMANCE) WITH RESPECT TO EACH MSCI INDEX AND ALL DATA INCLUDED THEREIN. WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY TO ANY PERSON OR ENTITY FOR ANY DAMAGES, WHETHER DIRECT, INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, CONSEQUENTIAL (INCLUDING, WITHOUT LIMITATION, LOSS OF USE, LOSS OF PROFITS OR REVENUES OR OTHER ECONOMIC LOSS), AND WHETHER IN TORT (INCLUDING, WITHOUT LIMITATION, STRICT LIABILITY AND NEGLIGENCE) CONTRACT OR OTHERWISE, EVEN IF IT MIGHT HAVE ANTICIPATED, OR WAS ADVISED OF, THE POSSIBILITY OF SUCH DAMAGES.

7.3. KOREA EXCHANGE

1. KRX DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE KRX INDEXES OR ANY DATA INCLUDED THEREIN AND KRX SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN.
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3. KRX MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE KRX INDEXES OR ANY DATA INCLUDED THEREIN.
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5. KRX makes no representation or warranty, express or implied, to the owners of the financial products linked to KRX Indexes or any member of the public regarding the advisability of investing in securities generally or in the products particularly or the ability of the KRX Indexes to track general stock market performance (profitability).
6. KRX's only relationship to the Licensee is the licensing of certain trademarks and trade names of KRX and of the KRX Indexes which is determined, composed and calculated by KRX without regard to the Licensee or the content of the product.
7. KRX has no obligation to take the needs of the Licensee or the owners of the financial products linked to KRX Indexes into consideration in determining, composing or calculating the KRX Indexes. KRX is not responsible for and has not participated in the determination of the timing of the issuance or sale of the derivative products linked to KRX Indexes or in the determination or calculation of the equation by which the derivative products linked to KRX Indexes is to be converted into cash.
8. KRX has no obligation or liability to the owners of the financial products linked to KRX Indexes in connection with the administration, marketing or trading of the Product.
9. The disclaimers of KRX under this Section shall continue to be effective even after the termination of the Agreement.

8 / Glossary

Term	Definition
3.5 Year Fixed Distribution Classes	A Payoff Category that may be offered to Investors through a Unit Class with a Term of approximately 3.5 years and paying Investors a fixed Distribution annually, and **3.5 Year Fixed Distribution Class** is to have a corresponding meaning.
5.5 Year Fixed Distribution Classes	A Payoff Category that may be offered to Investors through a Unit Class with a term of approximately 5.5 years and paying Investors a fixed Distribution annually and at Maturity, and **5.5 Year Fixed Distribution Class** is to have a corresponding meaning.
Annual Capped Level	For a Variable Distribution Class, for any year of the Term for the purposes of determining the performance-based Distribution: Annual Capped Level = Reference Asset Level (start of year) + (Reference Asset Level (start of year) x Annual Performance Cap).
Annual Performance Cap	For a Variable Distribution Class, the cap that may be placed on the Reference Asset Level, and accordingly may cap your annual Distribution as a percentage of your Investment Amount, as specified on the Flexi Website.
Application Form	The Application Form for an Offer either accompanying this PDS or printed from the Flexi Website at macquarie.com.au/flexi.
Asian Equity Classes	The Unit Classes that may be offered to Investors with a Reference Asset comprising the TFHK, HSHSI, SGY, TWY and Kospi 200 as equally-weighted Reference Asset Constituents and a Gain Currency in USD, and **Asian Equity Class** is to have a corresponding meaning.
Asia Long Short Classes	The Unit Classes that may be offered to Investors with the MQ Asia Long Short Fund as a Reference Asset and Gain Currency in USD, and **Asia Long Short Class** is to have a corresponding meaning.
ASX	Australian Securities Exchange.
ASIC	Australian Securities and Investments Commission.
AUD	Australian dollars, the official currency of Australia.
Australian Equity Focus Basket	The equally-weighted basket of 20 shares with a large market capitalisation listed on the ASX as at the date of this PDS and listed in Section 2.2.2 of Part I of this PDS.
Australian Equity Focus Classes	The Unit Classes that may be offered to Investors with the Australian Equity Focus Basket as a Reference Asset and a Gain Currency in AUD, and **Australian Equity Focus Class** is to have a corresponding meaning.
Australian Equity Classes	The Unit Classes that may be offered to Investors with the S&P/ASX 200 Index as a Reference Asset and Gain Currency in AUD, and **Australian Equity Class** is to have a corresponding meaning.
Calculation Agent	The person responsible for calculating the performance of the relevant Reference Asset under the Swap Agreements for the Macquarie Flexi 100 Trust.
Cash Collateral	The amount of the Offer proceeds, which the Fund deposits with the Collateral Counterparty as collateral for the Fund's obligations under the Investment Linked Swap Arrangements.
Class Portfolio/s	Means the assets and liabilities of the Fund which MFPML determine is properly referable to a particular Unit Class from time to time.
Closing Level	For any Australian Equity or Asia Long Short Class, the closing price or level of the relevant Reference Asset on a particular date as published on the Relevant Exchange or Index Sponsor or any other exchange or Index Sponsor that Macquarie deems relevant. For any Australian Equity Focus or Asian Equity Class, is equal to 100 on the Swap Start Date, and on any day during the Term up to and including Maturity, calculated in accordance with the examples in Sections 2.2.2 and 2.2.3 of Part I of this PDS.
Collateral Agreement	An agreement under which the relevant Class Portfolio places the Cash Collateral with the Collateral Counterparty. The Collateral Counterparty pays interest on the Cash Collateral to the Fund.
Collateral Counterparty	An entity that enters into a Collateral Agreement, namely Macquarie Bank Limited.

Term	Definition
Collateral Default	A situation in which the Collateral Counterparty fails to meet its obligations under the Collateral Agreement.
Collateral Security	Collateral Security means the deed under which the Responsible Entity grants a first-ranking fixed charge over the Cash Collateral in favour of the Loan Provider, as security for the performance of certain obligations of all Investors who are borrowers under a Loan Agreement.
Compliance Plan	The compliance plan of the Macquarie Flexi 100 Trust.
Constituent Closing Level	The closing level of a Reference Asset Constituent as published by the Relevant Exchange or Index Sponsor, or any other exchange or Index Sponsor that Macquarie deems relevant.
Constituent Start Level	The closing level of the Reference Asset Constituent on the Swap Start Date.
Constitution	The constitution of the Macquarie Flexi 100 Trust as amended from time to time.
Cooling Off Period	The Cooling Off Period is 14 days commencing on the earlier of, the date the issue of Units is confirmed to you and the end of the fifth business day after the issue of Units.
Corporations Act	The Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth) as amended from time to time.
Counterparty	The Swap Counterparty, the Collateral Counterparty.
Distribution/ Distribution Amount	The distributions you may be entitled to from the Fund at the end of each year of your investment and at Maturity, as specified on the Flexi Website and described in Sections 2.3.1 and 2.4.1 of Part I respectively.
Distribution Date	The relevant date for a Unit Class on which you will become entitled to a Distribution as specified on the Flexi Website.
Distribution Period	For the Variable Distribution Classes, the period between the Swap Start Date and the first Reference Asset Valuation Date, and between subsequent Reference Asset Valuation Dates, over which period your entitlement to a Distribution will be measured, based on the performance of the Reference Asset.
Distribution Period 1	Distribution Period 1 for each Variable Distribution Class offered to Investors as stated on the Flexi Website.
Distribution Period 2	Distribution Period 2 for each Variable Distribution Class offered to Investors as stated on the Flexi Website.
Distribution Period 3	Distribution Period 3 for each Variable Distribution Class offered to Investors as stated on the Flexi Website.
Distribution Rate	For a Unit Class, the Distribution Rate as stated on the Flexi Website, being the amount you will become entitled to as a Distribution, expressed as a percentage of your Investment Amount.
ETF	Exchange-traded fund.
Event of Default	Any event specified as such in clause 19 of the Loan and Put Option Agreement or clause 17 of the Loan and Security Agreement.
Exchange Rate	For Investors in the Asia Long Short Classes or Asian Equity Classes, for the purposes of determining the Distribution amount for any Distribution Period, will be the AUD:USD exchange rate on the relevant Reference Asset Valuation Date.
Final Investment Level	(a) If a Term Performance Cap applies, the **lesser** of: (i) the Closing Level of the Reference Asset at the Swap Valuation Date; and (ii) Initial Investment Level + (Initial Investment Level x the Term Performance Cap); and (b) If no Term Performance Cap applies, the Closing Level of the Reference Asset at the Swap Valuation Date. The Final Investment Level will only be relevant and used to calculate the Reference Asset Gain where it exceeds the value of the Initial Investment Level. In the case the Final Investment Level is less than the Initial Investment Level the Reference Asset Gain will be equal to zero.

Term	Definition
Financial Year	The period from 1 July to the following 30 June.
Fixed Distribution Classes	Any or all of (as the context requires) the Unit Classes that may be offered to Investors with the characteristics of either of the following Payoff Categories: (a) 3.5 Year Fixed Distribution Classes; and (b) 5.5 Year Fixed Distribution Classes.
Flexi Website	The website accessible at the following address: macquarie.com.au/flexi.
Full Recourse Investment Loan	The Investment Loan to be entered into under the Loan and Security Agreement at Section 5.2 of Part II, if nominated on the Application Form.
Fund	The Macquarie Flexi 100 Trust.
Gain Currency	The currency in which the Reference Asset Gain (for Fixed Distribution Classes) or annual Distributions (for Variable Distirbution Classes) for a Unit Class is calculated.
GST	Goods and Services Tax.
H-Share Index	The Hang Seng China Enterprises Index.
HKD	Hong Kong Dollar, the official currency of the Hong Kong Special Administrative Region of the People's Republic of China.
HSHSI	The Hang Seng H-Share Index ETF.
Hurdle	For a Fixed Distribution Class the Hurdle expressed as a percentage on the Flexi Website multiplied by the Initial Investment Level for the relevant Unit Class.
Index Sponsor	The corporation or other entity that: (a) is responsible for setting and reviewing the rules and procedures and other methods of calculation and adjustments, if any, related to the relevant indices in the Reference Asset for the Asian Equity Classes; and/or (b) announces (directly or through an agent) the level of the relevant Indices in the Reference Asset for an Asian Equity Class on a regular basis during the Term.
Indices	The Kospi 200, TWY and SGY.
Initial Investment Level	The closing price of the Reference Asset on the Swap Start Date.
Interest Amount	The AUD amount of the Interest Loan you draw down to pay your upfront interest costs under the optional Interest Loan.
Interest Loan	An AUD loan from the Loan Provider to an Investor for the payment of the interest paid annually-in-advance on an Investment Loan pursuant to the Loan Agreement.
Interest Period	In relation to the Investment Loan, a period starting on the Unit Issue Date and each anniversary of the Unit Issue Date, and ending on the earlier of: (a) the day preceding the anniversary of the Unit Issue Date in the next calendar year; and (b) the relevant Maturity Date.
Investment Amount	The AUD amount of the aggregate issue price of the Units you are issued in a Unit Class of the Macquarie Flexi 100 Trust.
Investment Linked Swap Arrangement	A contractual arrangement to be entered into in respect of each of the Class Portfolios in the Fund to obtain an exposure to the relevant Reference Asset from the Swap Start Date. Each Investment Linked Swap Arrangement consists of a Swap Agreement and a Collateral Agreement.
Investment Loan	An AUD denominated loan from the Loan Provider to an Investor for investment in the Macquarie Flexi 100 Trust pursuant to the Loan and Put Option Agreement or the Loan and Security Agreement, which will be either a Limited Recourse Investment Loan or a Full Recourse Investment Loan.

Term	Definition
Investment Opportunity	Any of the following categories of exposure provided by a Unit Class: (a) Australian Equity; (b) Australian Equity Focus; (c) Asia Long Short; and (d) Asian Equity.
Investor	A person who invests in the Macquarie Flexi 100 Trust.
Issuer	Macquarie Financial Products Management Limited ABN 38 095 135 694.
Kospi 200	The Kospi 200 Index.
Limited Recourse Investment Loan	The Investment Loan to be entered into under the Loan and Put Option Agreement at Section 5.1 of Part II, if nominated on the Application Form.
Loan	An Investment Loan, Interest Loan or any other loan agreement between the Loan Provider and you.
Loan Agreement	For the Limited Recourse Investment Loan borrowers, the Loan and Put Option Agreement or for the Full Recourse Investment Loan borrowers, the Loan and Security Agreement, as applicable.
Loan Confirmation	A document setting out the key terms of your Loan(s) and the interest rate that will apply.
Loan and Put Option Agreement	The Loan and Put Option Agreement to be entered into between the Loan Provider and you under which you borrow the Investment Amount pursuant to a Limited Recourse Investment Loan and, if applicable, the Interest Amount.
Loan and Security Agreement	The Loan and Security Agreement to be entered into between the Loan Provider and you under which you borrow the Investment Amount pursuant to a Full Recourse Investment Loan and, if applicable, the Interest Amount.
Loan Establishment Fee	The fee that an Investor must pay to the Loan Provider to establish the Investment Loan.
Loan Provider	Macquarie Specialist Investments Lending Limited ABN 59 125 574 389, unless otherwise determined by the Issuer to be another Macquarie Group company, in which case it will be that Macquarie Group company.
Macquarie Bank Limited or MBL	Macquarie Bank Limited ABN 46 008 583 542.
Macquarie Group	Macquarie Group Limited ABN 94 122 169 279 and its Related Bodies Corporate (as defined in the Corporations Act).
Macquarie Specialist Investments Lending Limited	Macquarie Specialist Investments Lending Limited ABN 59 125 574 389.
Maturity / Maturity Date	For a Unit Class, the date specified as the Maturity Date on the Flexi Website.
Minimum Investment Amount	The minimum amount that you may invest in the Fund being AUD25,000 in total. The minimum you may invest in any one Unit Class is AUD5,000.
Minimum Performance Cap	The minimum level of the Term Performance Cap, Share Performance Cap or Annual Performance Cap (as applicable) that will apply to a Unit Class at the Swap Start Date, as stated on the Flexi Website.
MFPML	Macquarie Financial Products Management Limited ABN 38 095 135 694.
Mortgage	For Superannuation Investors, the mortgage the Security Trustee has given to the Loan Provider over your Units and their proceeds and related rights as security for your obligations under the Loans. For borrowers who are not Superannuation Investors, the mortgage you have given to the Loan Provider over your Units and their proceeds and related rights as security for your obligations under the Loans.
MQ Asia Long Short Fund	The MQ Asia Long Short Fund, being an investment vehicle consisting of an exempted company incorporated with limited liability in the Cayman Islands which is managed by the Underlying Fund Manager.

Term	Definition
Notification Date	The date by which you must submit to the Loan Provider your Withdrawal Form if you want to Walk-Away on the next Walk-Away Date, as specified on the Flexi Website.
Offer	An invitation to apply for Units in the Macquarie Flexi 100 Trust and Loans. MFPML will place offers on the Flexi Website.
Offer Close	For a Unit Class, the date specified as the Offer Close for an Offer on the Flexi Website.
Payoff Category	Any one of the following categories of Unit Classes: (a) 5.5 Year Fixed Distribution Classes; (b) 3.5 Year Fixed Distribution Classes; and (c) Variable Distribution Classes.
Product Disclosure Statement/PDS	This document, comprising Part I and Part II.
Reference Asset	For the Australian Equity Classes, the S&P/ASX 200. For the Australian Equity Focus Classes, the Australian Equity Focus Basket. For the Asia Long Short Classes, the MQ Asia Long Short Fund. For the Asian Equity Classes, 20% TFHK, 20% HSHSI, 20% TWY, 20% Kospi 200 and 20% SGY.
Reference Asset Constituent	For the Australian Equity Focus Classes, each of the shares identified as being part of the Australian Equity Focus Basket. For the Asian Equity Classes, each of the Indices/Index-tracking ETFs, being the TFHK, HSHSI, Kospi 200, TWY and SGY.
Reference Asset Gain	For the Fixed Distribution Classes, will broadly represent any increase in the value of an investor's investment over the respective Hurdle and subject to the respective Term Performance Cap (if applicable).
Reference Asset Level	(a) If an Annual Performance Cap applies, the lesser of: (i) the Closing Level of the relevant Reference Asset on the Reference Asset Valuation Date; and (ii) the Annual Capped Level of the Reference Asset; and (b) if no Annual Performance Cap applies, the Closing Level of the relevant Reference Asset on the Reference Asset Valuation Date.
Reference Asset Valuation Date	For an Offer, the dates on which the relevant Reference Assets for the Variable Distribution Classes are valued, as outlined on the Flexi Website.
Relevant Exchange	Any exchange or quotation system where trading has a material effect (in MBL's reasonable opinion) on the overall market for futures, option contracts or securities relating to the Reference Asset Constituent. If a Reference Asset Constituent is calculated by reference to an asset (such as a share or commodity) traded on more than one exchange, each such exchange will be a Relevant Exchange for the Reference Asset Constituent.
Responsible Entity	Macquarie Financial Products Management Limited ABN 38 095 135 694.
Security Trustee	Bond Street Custodians Limited ABN 57 008 607 065.
Security Trust Deed	The agreement under which the Security Trustee agrees to hold the Units acquired for each Superannuation Investor in a separate trust for each Superannuation Investor and provides security for the Loans in favour of the Loan Provider.
SGY	MSCI Singapore Index.
Share Performance Cap	For each Australian Equity Focus Class, the cap that will be applied to the Constituent Closing Level of each Reference Asset Constituent. The cap is expressed as a percentage of the Constituent Start Level.
S&P	Standard & Poor's (Australia) Pty Limited.
SIS Act	Superannuation Industry (Supervision) Act 1993 (Cth), as amended from time to time.
Superannuation Investors	Trustees of Self Managed Superannuation Funds.

Term	Definition
Swap Agreement	Part of the Investment Linked Swap Arrangement, as described in Sections 1.1 and 4.1 of Part II.
Swap Counterparty	An entity that enters into a Swap Agreement, namely Macquarie Bank Limited.
Swap Start Date	For a Unit Class, on or around the relevant Unit Issue Date specified for an Offer on the Flexi Website, being the date on which the applicable Class Portfolio exposure to the relevant Reference Asset commences.
Swap Valuation Date	For a Fixed Distribution Class, the date specified as the Swap Valuation Date for an Offer on the Flexi Website, being the date on which the applicable Class Portfolio exposure to the Reference Asset ends.
Tax Act	Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as amended from time to time.
Term	The period from the Unit Issue Date to Maturity.
Term Performance Cap	For each Fixed Distribution Class, the cap that will be placed on the Final Investment Level of the Reference Asset. The cap is expressed as a percentage of the Initial Investment Level of the Reference Asset.
TFHK	The Tracker Fund of Hong Kong.
Trading Day	The days on which the relevant Reference Asset is open for trading.
TWY	The MSCI Taiwan Index.
Underlying Fund Manager	The investment manager of: (a) the MQ Asia Long Short Fund, currently MQ Specialist Investment Management Limited; (b) the TFHK; or (c) the HSHSI, as the context requires, and **Underlying Fund Managers** is to have a corresponding meaning.
Unit Classes	The classes of Units on Offer to Investors for investment, each of which will have the combined characteristics of: (a) one Investment Opportunity; and (b) one Payoff Category, and **Unit Class** is to have a corresponding meaning.
Unit Issue Date	For each Unit Class offered to Investors, the date as determined by the Issuer for the issue of those Units in the Macquarie Flexi 100 Trust and specified as the Unit Issue Date on the Flexi Website.
Unit Valuation Date	The date on which an investor's Units will be valued if they exercise the Walk-Away feature as stated on the Flexi Website.
Units	Units in the Macquarie Flexi 100 Trust offered under this PDS.
USD	US dollars, the official currency of the United States of America.
Variable Distribution Classes	A Payoff Category that may be offered to Investors through a Unit Class with a Term of approximately three years and potentially paying investors a variable distribution each year, and **Variable Distribution Class** is to have a corresponding meaning.
Walk-Away	For Limited Recourse Investment Loan borrowers, the ability to exercise a put option under the Loan and Put Option Agreement, or, for Full Recourse Investment Loan borrowers, the ability to redeem Units, under the Loan and Security Agreement, on a Walk-Away Date.
Walk-Away Dates	Dates on which you will be able to exercise the Walk-Away feature of the Investment Loan prior to Maturity as outlined on the Flexi Website.
Weight	The weighting factor of a particular Reference Asset Constituent in determining the Closing Levels and Reference Asset Levels of the Reference Assets for the Australian Equity Focus Classes and Asian Equity Classes.
Withdrawal Form	Form to be made available on the Flexi Website to be submitted to the Loan Provider/ Issuer giving notice of your intention to exercise the Walk-Away feature.

Macquarie Flexi 100 Trust

Product Disclosure Statement
Part II – 13 September 2010

IMPORTANT INFORMATION

Offer Document

This Product Disclosure Statement (**'PDS'**) is dated 13 September 2010 and is issued by Macquarie Financial Products Management Limited (ABN 38 095 135 694) (**'MFPML'**, **'Responsible Entity'** or the **'Issuer'**). MFPML holds Australian Financial Services Licence No. 237847.

Glossary

A Glossary of terms used in this PDS appears in Section 8 of Part I of this PDS.

This PDS

This PDS consists of two Parts. This is Part II of the PDS and contains more general information about the Fund such as the structure of the Fund, the general risks of investing in the Fund and additional information about the parties providing the underlying assets of the Fund and a summary of the material contracts. Part I of the PDS contains a summary of the details of the investments of the Fund, information that relates only to Units such as specific risks of investing in Units, a description of investment options available, specific risks of investing in Units, information about the Loans available that are described in the PDS, fees and costs associated with this investment and the taxation implications for Australian residents investing in the Fund.

Part I and Part II of the PDS (including any further updated information described in 'Changes and updates to PDS' below), the 'Offer' tab on the Flexi Website at macquarie.com.au/flexi and the Application Form included in or accompanying this PDS contain the only terms on which Units will be issued to retail investors in Australia. To the extent permitted by law, MFPML accepts no liability whatsoever for any loss or damage arising from investors relying on any other information when investing. **No person (including other Macquarie Group companies) has been authorised by MFPML to give any information or make any representations in connection with the Fund which is not in the PDS and if given or made, such information or representation must not be relied upon as having been authorised by MFPML.**

Investors should read both Part I and Part II of the PDS (and any Offers and updated information on the Flexi Website at macquarie.com.au/flexi) in full before making an investment decision. You can obtain copies of information included on the Flexi Website free of charge by contacting MFPML.

MFPML as Responsible Entity of the Fund has prepared this PDS for provision to potential investors in connection with Offers it makes from time to time for the issue of Unit Classes in the Macquarie Flexi 100 Trust, ARSN 129 962 189 ('the **Fund**') described in Section 2.1 of Part I of the PDS and to apply for Loans. This is called the Offer. The Fund is a registered managed investment scheme under the Corporations Act. MFPML is the responsible entity of the Fund. The Loans will be provided by Macquarie Specialist Investments Lending Limited ABN 59 125 574 389, or another Macquarie Group company as determined by the Issuer (**'Loan Provider'**).

Changes and updates to PDS

Information in the PDS may change from time to time. The Issuer may provide updated information on the Flexi website at macquarie.com.au/flexi. **Information available on the website or any other websites referred to in this PDS does not form part of this PDS, unless otherwise stated**. A paper copy of the updated information will also be available upon request and free of charge by contacting the Issuer. The Issuer may be required to issue a supplementary PDS as a result of certain changes, in particular where the changes are materially adverse from the point of view of a reasonable person deciding as a retail client whether to invest in the Fund.

This PDS is available in paper form and in electronic form at the Flexi Website at macquarie.com.au/flexi. Investors who wish to invest in the Fund must complete and return an Application Form accompanying this PDS or print, complete and return a copy of the Application Form accompanying the electronic version of this PDS.

Any Offers are available to recipients of this PDS, whether in paper or electronic form, in Australia. If the PDS is downloaded electronically, it must be downloaded in its entirety. Investors who receive this PDS in electronic form are entitled to obtain a paper copy of this document (and an Application Form) free of charge by contacting the Issuer on 1800 080 033.

General

Unless otherwise stated, all dollar ($) amounts referred to in this PDS are Australian Dollars (AUD). Labour standards, environmental, social or ethical considerations are not taken into account in the selection, retention or realisation of the Fund investments.

1. The Class Portfolios

1.1. HOW DOES THE FUND OBTAIN EXPOSURE TO THE REFERENCE ASSETS?

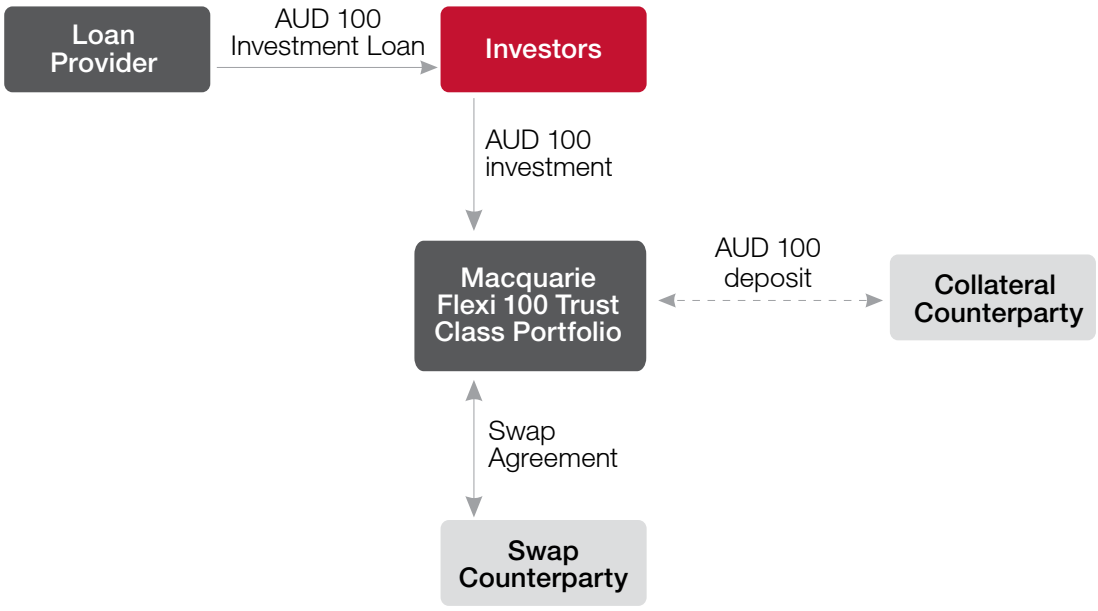
In order to obtain exposure to the Reference Assets, the Fund will enter into the following agreements for each Class Portfolio:

- **Swap Agreement –** which provides each Class Portfolio with exposure referable to the relevant Reference Asset and Distributions during the Term. This agreement is made with the relevant Swap Counterparty; and
- **Collateral Agreement –** under which the Fund places the Cash Collateral with the relevant Collateral Counterparty. The Cash Collateral is equal to the aggregate issue price received by the Fund under this Offer.

The Swap Agreement and the Collateral Agreement together form what is referred to in this PDS as the 'Investment Linked Swap Arrangement'. The Fund will deposit all of the offer proceeds for each Unit Class with the Collateral Counterparty as collateral for its obligations under the Investment Linked Swap Arrangements.

The investment structure of each of the Class Portfolios is depicted in Figure 1.

Figure 1: Investment structure of the Class Portfolios



Swap Agreement

The Swap Agreement is a contract under which the Fund:

- may receive a payment from the Swap Counterparty at Maturity, the amount of which will depend upon the performance of the Reference Asset during the Term;
- may receive distribution payments from the Swap Counterparty throughout the Term;
- is required to pay to the Swap Counterparty an amount quarterly, up to the amount of interest it receives from the Cash Collateral (as described below); and
- may receive an amount from the Swap Counterparty (depending on market conditions) if all or part of the Swap Agreement is terminated or unwound early (for example, where an Investor redeems their investment before Maturity).

Collateral Agreement

Each Class Portfolio will place the offer proceeds with the Collateral Counterparty as collateral for its obligations under the Swap Agreement. Some or all of the interest earned on the Cash Collateral will be applied to make payments to the Swap Counterparty under the Swap Agreement. The Cash Collateral will be returned to each Class Portfolio on the Swap Valuation Date.

If an Investor chooses (or is required) to redeem their investment prior to the Maturity Date, part of the Cash Collateral (corresponding to the Investor's share) will be returned to the Fund.

See Section 4.1 of Part II 'Investment Linked Swap Arrangements' for further information on the Investment Linked Swap Arrangements.

1.2. WHAT HAPPENS AT MATURITY?

At Maturity:

- The Collateral Counterparty is required to repay to the relevant Class Portfolio the Cash Collateral;
- The Swap Counterparty is required to pay to the relevant Class Portfolio:
  - an amount reflecting the relevant Reference Asset Gain; and
  - any Distributions due during the final year of the Term and at Maturity (subject to any Hurdle, Share Performance Cap, Term Performance Cap or Annual Performance Cap, if relevant).

2. General risks you should consider

This section details general risks relating to an investment in the Fund. Specific risks relating to the Fund and particular Unit Classes are described in Part I of this PDS. You should read both sections carefully before investing.

2.1. RESPONSIBLE ENTITY RISK

If it is necessary or desirable to replace MFPML as the responsible entity of the Fund, there is no certainty that it could be replaced by a new responsible entity willing to perform the obligations of MFPML.

If a new responsible entity cannot be appointed, it is likely that the Fund will be wound up. In addition, the terms of the Investment Linked Swap Arrangements allow the Swap Counterparty or the Collateral Counterparty to terminate the arrangements if MFPML is no longer the responsible entity of the Fund or, if it breaches certain warranties or undertakings as to its rights and performance as Responsible Entity. This may result in the Fund losing its exposure to the relevant Reference Assets.

However, if you choose to take out a Limited Recourse Investment Loan to acquire your Units, then any amount payable by you to the Loan Provider may only be discharged from the amount the Loan Provider can obtain by enforcing its rights under the Mortgage and the Collateral Security. The Loan Provider may not take any action against you in relation to the Limited Recourse Investment Loan to recover any amount beyond enforcing the Mortgage (granted by the Security Trustee in the case of Superannuation Investors and in all other cases granted by you) in respect of your Units and enforcing the Collateral Security granted by the Responsible Entity in respect of the Cash Collateral. In the event of a shortfall, an Investor would still be required to meet the repayment on any Interest Loan from their own funds, including any interest and break costs that may apply.

If you choose to take out a Full Recourse Investment Loan and the Collateral Counterparty does not fulfil its obligations under the Collateral Agreement, you will need to use your own funds to cover any shortfall owing under the Full Recourse Investment Loan if the value of your Units (including any Cash Collateral recovered by the Loan Provider by enforcing the Collateral Security) is not enough to repay any amount outstanding on your Investment Loan, including any applicable break costs.

2.2. RISK OF INVESTMENT LINKED SWAP ARRANGEMENTS TERMINATION OR ADJUSTMENT

If an Investment Linked Swap Arrangement terminates and is not replaced then the Units in that Class will be redeemed and the Investor will be required to repay their Investment Loan at the time of termination.

However, if you choose to take out a Limited Recourse Investment Loan to acquire your Units, then any amount payable by you to the Loan Provider may only be discharged from the amount the Loan Provider can obtain by enforcing its rights under the Mortgage. The Loan Provider may not take any action against you in relation to the Limited Recourse Investment Loan to recover any amount beyond enforcing the Mortgage (granted by the Security Trustee in the case of Superannuation Investors and in all other cases granted by you) in respect of your Units. An Investor would still be required to meet the repayment on any Interest Loan from their own funds, including any interest and break costs that may apply. The amount of the applicable break costs will be determined by a number of factors including the size of your Loans and movements in interest rates. This risk is heightened in times of increased market volatility, such as the period since June 2007. See Section 3.1.1 of Part I 'Global economic conditions' for more information.

If you choose to take out a Full Recourse Investment Loan and the Collateral Counterparty does not fulfil its obligations under the Collateral Agreement, you will need to use your own funds to cover any shortfall owing under the Full Recourse Investment Loan if the value of your Units is not enough to repay any amount outstanding on your Investment Loan, including any applicable break costs.

There are a number of circumstances in which this can occur, for example, in relation to an Investment Linked Swap Arrangement:

- there is disruption to the ability of the Swap Counterparty to hedge its exposure;
- there is an increased cost of such hedging;
- there is an event of default in respect of the Fund or Counterparty;
- there is a change of law;
- there is an event of default, termination event, review event or similar; or
- if the Reference Asset is a managed fund or an ETF (or a basket with a managed fund or ETF as a Reference Asset Constituent) – there is any material change in fee structure (including buy/call spreads), strategy modification, breach, change or violation of strategy or investment guidelines of the managed funds or ETFs, reporting disruption, regulatory action, or resignation or termination of the Underlying Fund Manager.

See Section 4.1 of Part II 'Investment Linked Swap Arrangements' for more information.

The calculation performed under the Investment Linked Swap Arrangements may also be adjusted, including, for example, where the Reference Asset is modified, cancelled or disrupted. Where such an event has a material effect, the Calculation Agent may adjust any relevant calculations under the Investment Linked Swap Arrangements.

2.3. OTHER RISKS

2.3.1. Taxation

You should refer to Section 6 of Part I 'Taxation', for information on the taxation consequences of an investment in the Fund. The information provided in this PDS is not advice to any prospective Investor in the Fund. Investors in the Fund should seek their own independent advice on the taxation consequences of investing in the Fund, which takes into account their own particular circumstances. The information pertaining to taxation in this PDS is based on the provisions of the Tax Act, announcements by and on behalf of the Australian Government and the Commissioner of Taxation, and practice applicable, all as at the date of this PDS. In particular, the information in this PDS is based on the announcements made in respect of the taxation of superannuation funds up to the date of this PDS. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are not contemplated as at the date of this PDS.

Future changes in tax laws, or their interpretation (particularly of those relating to capital protection), could affect the tax treatment of an investment in the Fund and of Investors in the Fund.

2.3.2. Change of law risk

Changes in laws or their interpretation, including taxation and corporate regulatory laws, practice and policy, could have a negative impact on the returns to Investors.

2.3.3. Past performance

Past performance of any Reference Asset to which any Unit Class has exposure, is not a reliable indicator of future performance of either that Reference Asset or the Class Portfolio and should not be relied upon as a basis for an investment decision.

2.3.4. Superannuation and trust law

All trustees (including trustees of superannuation funds) must comply with their duties under the relevant trust instrument and general law as trustee. In particular, they need to have the express power to enter into transactions. All Investors who are trustees should check that they have the power to make the investment and to borrow as contemplated by this PDS.

In addition, trustees of superannuation funds should check that they comply with their obligations under the SIS Act, and in particular their obligation to formulate and implement an appropriate investment strategy. Section 6.7 of Part I 'Superannuation Investor Letter' contains an opinion on some issues concerning the SIS Act, but trustees should obtain their own advice.

Failure to comply with these requirements could give rise to personal liability and penalties for the trustee.

2.3.5. Loan risks

Under the Loan and Put Option Agreement (if you choose to take out a Limited Recourse Investment Loan) and the Loan and Security Agreement (if you choose to take out a Full Recourse Investment Loan), the Loan Provider has the power to terminate any Loan or declare it to be immediately due and payable in certain circumstances including when there is a change of law that makes it unlawful for the Loan Provider to provide the Loans. If this occurs your Loans will become immediately due and payable (subject to, in the case of the Limited Recourse Investment Loan, the limited recourse feature of the Limited Recourse Investment Loan, which limits the amount payable to the Loan Provider to the value of your Units and their proceeds). You will have to repay any outstanding interest and principal on any Interest Loan back immediately in these circumstances. We recommend that you read Section 5 of Part II 'Loan and Put Option Agreement' and 'Loan and Security Agreement' in its entirety and you seek your own independent professional advice prior to making a decision to borrow.

2.3.6. Interest rate risk

Changes in interest rates may adversely affect the value of the components of the Investment Linked Swap Arrangements. Assuming all other factors remain unchanged, an increase in interest rates will tend to increase the value of the Investment Linked Swap Arrangements, and a decrease in interest rates will tend to have the opposite effect.

2.3.7. General risks

The following are some of the general risks associated with the various components of the Fund:

- general global and regional economic conditions in the countries to which the Reference Assets have exposure;
- the occurrence of an unforeseen event or force majeure that has a significant effect on the operation of financial markets;
- interest rates (see Section 2.3.6. of Part II), foreign exchange rates (see Section 3.6. of Part I) and inflation; and
- changes in Government, and/or monetary policies.

These general risks will affect the value of, and returns from, an investment in the Fund.

3. Additional information

3.1. CREDENTIALS

3.1.1. The Responsible Entity — MFPML

MFPML is the responsible entity of the Fund. MFPML is part of the Macquarie Group of companies and holds an Australian Financial Services Licence No. 237847 – which authorises it to act as the responsible entity of the Fund.

MFPML is responsible for managing the Fund in accordance with the Constitution and the Corporations Act but may appoint third parties to assist it in performing those functions.

As at the date of this PDS, in addition to the Fund, MFPML acts as the responsible entity for the Macquarie reFleXion Series offered from 2005 to 2009. It also has experience in acting as responsible entity of registered managed investment schemes including the Macquarie Fusion Funds offered from 2003 to 2010 and the Macquarie Fortress Fund.

3.1.2. The Security Trustee – Bond Street Custodians Limited

Bond Street Custodians Limited is the Security Trustee. Bond Street Custodians Limited is part of the Macquarie Group of companies and holds an Australian Financial Services Licence No. 237489. Bond Street Custodians Limited has carried on a business of providing custody services in respect of Australian assets since 1994.

3.1.3. The Swap Counterparty and the Collateral Counterparty – Macquarie Bank Limited

Macquarie Bank Limited will be the Swap Counterparty and the Collateral Counterparty for each Class Portfolio of the Offer.

Macquarie Bank Limited is a licensed Australian bank regulated by APRA. Macquarie Group Limited (**'MGL'**) is a non-operating holding company and the ultimate listed parent for the Macquarie Group of companies. MGL is listed on the ASX (ticker MQG) and is regulated by APRA as a non-operating holding company of an authorised deposit-taking institution. Macquarie Bank Limited and MFPML are both wholly owned subsidiaries of MGL. Further information about the Macquarie Group structure and Macquarie Bank Limited (including its financial information) is available on the website at: macquarie.com.au/au/about_macquarie/index.html.

3.2. MACQUARIE CONFLICTS OF INTEREST

MFPML, Macquarie Bank Limited, and any other Macquarie Group company, or their directors, employees or affiliates may, subject to law, hold shares in any members of the Macquarie group of companies and units in the Fund. The directors and employees of MFPML and other members of the Macquarie group of companies may receive remuneration based on the performance of the Fund.

MFPML, Macquarie Bank Limited, and any other Macquarie Group company or their directors, employees or affiliates may buy and sell (whether as principal or agent) securities, commodity contracts or other financial products which consist of the Reference Assets or financial instruments linked thereto.

Members of the Macquarie group of companies may have business relationships or alliances (including joint ventures) with companies whose stocks consist of the Reference Assets. In addition, members of the Macquarie group of companies may from time to time engage in investment advisory or other activities for, or provide services to, any of these companies in relation to matters unconnected with the Fund and which may or may not affect the value of the Units.

The following are the related party transactions relating to the Fund:

- an entity that is a Macquarie Group company will be the Swap Counterparty for all Class Portfolios
- an entity that is a Macquarie Group company will be the Collateral Counterparty for all Class Portfolios
- an entity that is a Macquarie Group company will be the Security Trustee
- MBL and MFPML will be party to the Collateral Security
- Macquarie Specialist Investments Lending Limited (unless otherwise determined by MFPML to be another Macquarie Group company, in which case it will be that Macquarie Group company), as the Loan Provider, may reimburse MFPML in relation to certain amounts paid as commission by MFPML on the Loan Provider's behalf.

In the future management of the Fund, MFPML may enter into other agreements with related parties which include entities in the Macquarie group of companies or its associated companies.

All related party transactions are conducted on arm's length terms. Any conflict of interest or potential conflict of interest is managed in accordance with MFPML's Conflict of Interest Policy.

3.3. WHAT INFORMATION WILL I RECEIVE?

3.3.1. Initial confirmations

If your application is accepted, you will receive an investment confirmation setting out the key terms of your Units and investment in the Fund.

You will also receive a Loan Confirmation setting out the key terms of your Loan(s) and the interest rate to apply for the first Interest Period. You will also receive additional Loan Confirmations from time to time setting out the interest rate and interest payment arrangements applicable to your Investment Loan.

3.3.2. Periodic performance reports

Periodic performance reports will be available on at least a semi-annual basis showing:

- the details of an investment in the Fund at the reporting date; and
- the details of an Investment Loan used to invest in the Fund.

Monthly updates will also be made available on the Flexi Website at macquarie.com.au/flexi.

3.3.3. Annual tax reports

You will receive annual tax reports showing:

- the interest expense on your Investment Loan and Interest Loan (if any); and
- the value of Distributions (if any) and any other distributions received from your investment.

3.4. Consents

None of the parties referred to below have authorised or caused the issue of this PDS or make or purport to make any statement in this PDS (or any statement on which a statement in this PDS is based) other than as specified below.

Allen & Overy Consent
Allen & Overy has given and has not, before the issue of the PDS, withdrawn its written consent to the inclusion in this PDS of its opinion concerning superannuation law which is included in Section 6 of Part I of the PDS 'Taxation', and to be named in this PDS in the form and context in which it is named.

Bond Street Custodians Limited
Bond Street Custodians Limited has given and has not, before the issue of the PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

Clayton Utz Consent
Clayton Utz has given and has not, before the issue of the PDS, withdrawn its written consent to the inclusion in this PDS of its tax letter, which is included in Section 6 of Part I 'Taxation', and to be named in this PDS in the form and context in which it is named.

Korea Exchange
Korea Exchange has given and has not, before the issue of the PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

Macquarie Bank Limited
Macquarie Bank Limited has given and has not, before the issue of the PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

Macquarie Specialist Investments Lending Limited
Macquarie Specialist Investments Lending Limited has given and has not, before the issue of the PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

MQ Specialist Investment Management Limited
MQ Specialist Investment Management Limited has given and has not, before the issue of the PDS, withdrawn its written consent to be named in this PDS in the form and context in which it is named.

MSCI
MSCI, Inc has given and has not, before the issue of the PDS, withdrawn its written consent to the inclusion of the written descriptions of the MSCI Taiwan Index and MSCI Singapore Index in Section 2.2.4. of Part I, and to be named in this PDS in the form and context in which it is named.

3.5. DISCLOSING ENTITY

The Fund is a disclosing entity for the purposes of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. In addition, any continuous disclosure notices required under the Corporations Act will be made available on Macquarie's website, macquarie.com.au/flexi, in accordance with the requirements of ASIC policy.

You may obtain copies of the annual financial reports most recently lodged with ASIC by the Fund by contacting the Responsible Entity on 1800 080 033.

3.6. BUSINESS DAY

Where an event/date referred to in this PDS is stated to occur on a date that is not a business day (in the relevant jurisdiction or jurisdictions in which that event is said to occur), then that event may occur on the business day which occurs either immediately before or immediately after that date. Whether the event will occur on the preceding or subsequent business day will depend on the specific arrangements entered into by the Fund.

3.7. ENQUIRIES AND COMPLAINTS

The Responsible Entity has procedures in place to consider and deal with enquiries and complaints within 45 days of receiving them. If you have any enquiries or complaints you may contact the Responsible Entity on 1800 080 033, or write to:

Macquarie Flexi 100 Trust
Macquarie Financial Products Management Limited
PO Box R1723
Royal Exchange
NSW 1225

MFPML is also a member of the Financial Ombudsman Service Ltd ABN 67 131 124 448. If you are not happy with the manner in which your complaint is dealt with by the Responsible Entity, you may also write to:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Fax: (03) 9613 6399
Email: info@fos.org.au
Phone: 1300 780 808

4. Summary of material contracts

4.1. INVESTMENT LINKED SWAP ARRANGEMENTS

Each Class Portfolio will be a party to the Swap Agreement with the Swap Counterparty in the form of an ISDA Master Agreement and confirmation.

Under each relevant Swap Agreement, the Swap Counterparty will be required to pay to the relevant Class Portfolio an amount reflecting:

- the return from the Reference Asset from the Swap Start Date to the Swap Valuation Date, (subject to any applicable performance hurdle or cap, if relevant); and
- any Distributions.

In return, each Class Portfolio is required to pay an amount up to the interest it receives on the Cash Collateral to the Swap Counterparty.

In order to meet redemption requests, each Class Portfolio may request early partial or total cancellation of the Swap Agreement at the following times:

- any time during the Cooling Off Period; and
- quarterly thereafter on the dates specified for that Offer.

4.1.1. Events of default, termination events and review events

The Swap Agreement may be terminated following an event of default, a termination event, an extraordinary event, certain corporate events or certain review events. The following are examples of a termination event or review event:

- illegality;
- a force majeure event;
- credit event on merger or tax payments required as a result of merger;
- action taken by a tax authority or court;
- change of tax law resulting in an increase in payments;
- change in law;
- hedging disruption;
- increased cost of hedging;
- following an event of default, termination event, review event or other similar condition or event (howsoever described) under the hedging arrangements;
- if the Reference Asset is a managed fund or an ETF (or a basket with a managed fund or ETF as a Reference Asset Constituent) – any material change in fee structure (including buy/call spreads), strategy modification, breach, change or violation of strategy or investment guidelines of the managed funds or ETFs, reporting disruption, regulatory action, or resignation or termination of the Underlying Fund Manager.

In addition, if MFPML ceases to act as sole responsible entity of the Macquarie Flexi 100 Trust then the Swap Counterparty has the right to terminate the Swap Agreement. MFPML gives certain representations and undertakings regarding its status as Trustee, its performance of its obligations and duties and its right to be indemnified out of Trust assets. Breach of these representations and undertakings will constitute an event of default allowing termination.

The events of default under the Swap Agreement include but are not limited to the following:

- failure to make any payments required under the Swap Agreement;
- failure to comply with or perform any agreement or obligation under the Swap Agreement; and
- cross default and bankruptcy.

The review events under the Swap Agreement for Asia Long Short Classes and Asian Equity Classes include but are not limited to the following:

- changes in the liquidity of the relevant Reference Asset;
- a failure by the Reference Asset manager to fully comply with a redemption or subscription request;
- material changes in the fund manager's method of calculating the value of the Reference Asset;
- material deviations by the Reference Asset's manager from the Reference Asset's fee structure, investment policies, objectives or guidelines, or a failure to comply with any material terms of the Funds Documents or Additional Fund Documents;
- a failure by the manager of a Reference Asset to publish the value of the Reference Asset within 15 business days of a valuation date, except for suspension periods as a result of distributions;
- any finding by any court or regulatory authority of illegal, fraudulent or negligent activities (including breach of fiduciary or other legal duties) in relation to the Reference Asset;
- a change in the tax consequences for Macquarie of the Swap Agreement;
- a change in the official interpretation or administration of laws relating to taxation, duties, regulation of hedge funds, capital or other matters that has or is likely to have a material adverse effect on the hedging, borrowing or product issuance activities of Macquarie in relation to the Swap Agreement;
- Macquarie being unable to hold the proportion of Reference Asset securities required to hedge its exposure under the Swap Agreement due to such a holding not being permitted by any regulator or resulting in regulatory treatment adverse to Macquarie;

- a service provider to the Reference Asset ceases providing services (and is not replaced by another service provider satisfactory to Macquarie) or fails to provide its services to Macquarie's satisfaction;
- a failure by the Reference Asset manager to provide Macquarie with information that a holder of a Reference Asset security would normally expect to be available or would reasonably require to comply with any legal, regulatory, accounting or tax requirements; or
- a 90 day realised annual volatility of the Reference Asset of greater than 20% (Asia Long Short Classes only).

4.1.2. Extraordinary events

The extraordinary events under the Swap Agreement for all units (where applicable) include but are not limited to:

- a voluntary or involuntary liquidation or winding up of a Reference Asset that results in holders of the Reference Asset securities being prohibited from transferring or redeeming their securities or being required to transfer them to a trustee or liquidator;
- the Reference Asset has a resolution passed for its winding up, makes an arrangement with or for the benefit of its creditors, has a liquidator or other manager appointed to it or has a secured party take possession of all or substantially all of its assets;
- Macquarie is unable, or it becomes impracticable for Macquarie, after using commercially reasonable efforts, to hedge its risks in relation to the Swap Agreement (including price risk, market risk, foreign exchange risk and interest rate risk);
- Macquarie's cost of hedging its risks under the Swap Agreement is materially increased compared to at the Issue Date (unless the increased cost has resulted from a deterioration in Macquarie's creditworthiness);
- revocation of registration of a Reference Asset;
- a change in the legal, tax, accounting or regulatory treatment of the Reference Asset that is reasonably likely to have an adverse impact on the value of the Reference Asset;
- the Reference Asset or its administrators become subject to an investigation, litigation or proceeding in relation to the operation of the Reference Asset;
- an adoption of a new law, change of an existing law or change in the interpretation of a law that would result in it becoming illegal to hold, acquire or dispose of Reference Asset securities, or would result in a material increase in the cost of Macquarie complying with its obligations under the Swap Agreement; and
- all of the Reference Asset securities or all or substantially all of the Reference Asset assets are nationalised or otherwise required to be transferred to a governmental agency.

4.1.3. Corporate event or adjustment event (Australian Equity Focus Classes only)

For the Australian Equity Focus Classes, a corporate event or adjustment event relating to the Australian Equity Focus Basket may occur, in which case MBL may adjust the terms of the Swap Agreement.

A corporate event means, in relation to a Reference Asset Constituent, any event that may have a diluting or concentrative effect on the theoretical value of the Reference Asset Constituent.

This could include, for example, any cash return of capital, capital reduction, liquidator's distributions, unit buy-back, bonus issue, rights issue, compulsory acquisition, redemption, scheme of arrangement, compromise, reconstruction, cancellation, replacement, modification, subdivision, consolidation or reclassification (unless resulting in a merger of, or takeover of 100% of, the issued capital in an issuer of the Reference Asset Constituent), takeover offer, special distribution or dividend, unit split, non-cash distribution or dividend, or any other similar or like event (but excludes the payment or declaration of ordinary cash distributions and dividends).

If a corporate event relating to a Reference Asset Constituent occurs, MBL has broad discretions to adjust the Swap Agreement to preserve the economic equivalence of the rights and obligations of the Fund and MBL immediately before the event.

Adjustment events include:

(a) a merger of, or takeover of 100% of, the issued capital in an issuer of the Reference Asset Constituent;

(b) a takeover offer or other event where someone has obtained (or has the right to obtain) more than 10% and less than 100% of the outstanding voting shares in the issuer of the Reference Asset Constituent (such as a takeover);

(c) where the Reference Asset Constituent or its issuer becomes nationalised (eg. bought by a government);

(d) where the Reference Asset Constituent's issuer becomes insolvent;

(e) where the Reference Asset Constituent ceases to be listed on its exchange (other than as a result of an adjustment event described in (a) above);

(f) if MBL determines in good faith that a change in law makes it illegal to hold or deal in shares, futures or option contracts relating to the Swap Agreement or the cost of performing our or MBL's obligations materially increases;

(g) If MBL cannot 'hedge' (that is, reduce) its risk under the Swap Agreement after commercially reasonable efforts; and

(h) if it would materially cost MBL more (excluding for brokerage) to hedge its risk under the Swap Agreement after reasonable commercial efforts, unless this is due solely to MBL's creditworthiness deteriorating.

Following an adjustment event, MBL will determine if the adjustment event (other than the change in law adjustment event in (f) above) has a material effect on the Swap Agreement. If so, MBL must use reasonable endeavours to provide exposure to a replacement asset acceptable to MBL offering similar equity exposure to the Reference Asset Constituent affected by the adjustment event and then adjust the relevant terms as necessary to preserve, as nearly as practicable, the economic terms of the relevant agreement.

If MBL cannot do so, it will either:

(a) cancel those portions of the Swap Agreement represented by the affected asset and the remainder of those agreements will continue, and MBL will adjust any relevant terms if necessary to preserve, as nearly as practicable, the economic terms of the agreement for the remaining Reference Asset Constituents; or

(b) terminate the Swap Agreement entirely, and calculate the market value of these investments, causing a termination event to occur (as described earlier in this section).

A termination event will occur if there is a change in law adjustment event as described in (f) above.

4.1.4. Payments on early partial or whole termination of the Investment Linked Swap Arrangements

The Swap Counterparty or any duly appointed successor shall determine the amount (if any) to be paid by either party to the other upon an early partial or whole termination of the Swap Agreement. The amount payable on termination will reflect the then value of the portion of the Swap Agreement being terminated.

Under the Collateral Agreement, the relevant Class Portfolio places the Cash Collateral with the Collateral Counterparty. Interest on the Cash Collateral is paid directly to the Swap Counterparty towards payment of the amounts payable under the Swap Agreement.

On termination of the Swap Agreement, the Collateral Counterparty will also be obliged to pay all or, on partial termination, a proportionate part of, the Cash Collateral. If the Swap Counterparty determines that an amount is payable by the Class Portfolio, that amount will be deducted from that sum and paid to the Swap Counterparty (or set off) and the balance of the sum will be paid to the relevant Class Portfolio.

4.2. SECURITY TRUST DEED (LIMITED RECOURSE INVESTMENT LOAN – SUPERANNUATION INVESTORS ONLY)

Under the Security Trust Deed, the Security Trustee will hold the Units acquired for each Superannuation Investor in a separate trust for each Superannuation Investor. By signing an Application Form, Superannuation Investors are bound by the terms of the Security Trust Deed.

The Security Trustee is a Macquarie Group company. No member of the Macquarie Group of companies guarantees the Security Trustee will perform or comply with its obligations under the Security Trust Deed.

The Security Trust Deed also provides security for the Limited Recourse Investment Loan to Superannuation Investors in favour of the Loan Provider. Pursuant to the Security Trust Deed, the Security Trustee assigns the Units and related rights it holds for each Superannuation Investor to the Loan Provider to secure the Superannuation Investor's obligations under the Limited Recourse Investment Loan (the **'Mortgage'**).

The Mortgage takes priority over all other encumbrances of the Security Trustee in relation to the Units and related rights (except those preferred by law). The Security Trustee must not create or allow to exist or agree to any encumbrance over or sell, assign or otherwise dispose of, deal with or part with possession of, any of the Units and related rights except to the extent permitted by the Loan Provider.

At the request of the Security Trustee, the Loan Provider must discharge the Mortgage in respect of a Superannuation Investor's Units and related rights if the amounts owing by the Investors in respect of the Limited Recourse Investment Loan have been paid and the Security Trustee and the Investor have performed their obligations under the Loan and Put Option Agreement and the Security Trust Deed.

The Security Trustee must deal with each Superannuation Investor's Units and any other property of the Fund as directed by the Loan Provider. If an event of default occurs under the Loan and Put Option Agreement in respect of a Limited Recourse Investment Loan, the Loan Provider may, or may require the Security Trustee to, enforce the Mortgage, including by disposing of some or all of the relevant Investor's Units (including by redemption) and apply the proceeds in payment of amounts due in respect of the Limited Recourse Investment Loan. Proceeds of disposal are applied first in payment of expenses and liabilities in relation to the disposal or the exercise of a power, second in payment to the Loan Provider, and third the balance (if any) to the Superannuation Investor.

On repayment of all amounts outstanding under your Limited Recourse Investment Loan and Interest Loan (if applicable), the Loan Provider is obliged to release the Units held for you by the Security Trustee from the Mortgage.

The Loan Provider is obliged to pay certain expenses of the Security Trustee including legal expenses, interest and bank charges and stamp duty.

The Security Trustee's liability will be limited to the extent to which the liability can be satisfied under the Security Trust Deed out of the assets of the Security Trusts, except for liability arising in certain circumstances (for example, as a result of the Security Trustee's dishonesty, willful breach of Trust or negligence). The Security Trustee will not be liable for any losses or liabilities caused because the Security Trustee acted on a direction by the Loan Provider or an Investor.

The Security Trustee will not be required to monitor the Fund, the Responsible Entity or the Loan Provider.

The Security Trustee will not be required to prepare accounts or tax returns for the separate Security Trusts.

The Security Trustee may appoint attorneys and may rely on advice from advisers engaged by the Security Trustee. The Security Trustee will not be liable for anything done or suffered by it in good faith in reasonable reliance on such advice.

The Security Trustee will be able to resign and the Loan Provider will be able to appoint a replacement. The Loan Provider will be able to remove the Security Trustee and appoint a replacement if the Security Trustee breaches the Security Trust Deed and the breach is not remedied within 30 days after notice of such default is given to the Security Trustee by the Loan Provider or otherwise at any time by giving 90 days notice.

The Loan Provider and the Security Trustee may amend the Security Trust Deed without prior notice to any Investor. Such amendments may be made where, in their reasonable opinion, the amendments are necessary to comply with any law. The Security Trust Deed may otherwise also be amended where, in the reasonable opinion of the Loan Provider or the Security Trustee, the amendments are not materially prejudicial to the interests of Investors.

If you wish to view the terms of the Security Trust Deed you can request a paper copy by telephoning 1800 080 033. Alternatively you can attend 1 Shelley Street, Sydney 2000 on a business day between the hours of 9am and 5pm to view the Security Trust Deed. You are not permitted to reproduce the Security Trust Deed in any form.

4.3. COLLATERAL SECURITY

Under the Collateral Security, the Responsible Entity will grant a charge over the Cash Collateral in favour of the Loan Provider as security for the Investors' obligations under their Loan Agreement with the Loan Provider. By signing an Application Form, Investors will acknowledge that the Responsible Entity will grant the Collateral Security in favour of the Loan Provider.

Under the Collateral Security, the Loan Provider will only have recourse to the Cash Collateral and not to any other assets of the Fund. You should not assume the Cash Collateral that the Fund deposits with the Collateral Counterparty will be a bank deposit. This means that on a winding up of the Collateral Counterparty the Fund could only rank as an unsecured creditor of the Collateral Counterparty with equal priority to other unsecured creditors.

If an event of default occurs under the Collateral Security, the Loan Provider may enforce the Collateral Security by applying the Cash Collateral to pay any amounts due under the relevant Loan Agreement. If an event of default occurs under the Collateral Security because a particular Investor fails to repay their loan in full under the Investor's Loan Agreement, the Loan Provider will only be entitled to enforce the Collateral Security against the Cash Collateral attributable to that Investor. As an Investor's Investment Loan is also secured by the Mortgage, the Loan Provider may also enforce its rights under the Mortgage over the Investor's Units (see Section 4.1.1. of Part I 'Compulsory Investment Loan' for more information).

The events of default under the Collateral Security include but are not limited to the following:

- the Responsible Entity's failure to comply with its material obligations under the Collateral Security;
- the failure by an Investor to repay its loan in full on the Maturity Date under its Loan Agreement;
- the insolvency of the Responsible Entity or the Collateral Counterparty; and
- an event of default under a Loan Agreement.

Some of the events of default under the Collateral Security may be beyond the control of the Investors (for example, the insolvency of the Responsible Entity or the Collateral Counterparty).

4.4. THE CONSTITUTION

The Fund is governed by a Constitution. The following table contains a summary of the material provisions of the Constitution.

You may obtain a copy of the Constitution for the Fund by contacting the Responsible Entity on 1800 080 033.

Constitution of the Macquarie Flexi 100 Trust	
Name of Fund	States the name of the Fund – establishes rules for changing the name of the Fund.
Assets held on Trust	Requires the Responsible Entity to hold the assets on trust for members and separately from all other assets held by the Responsible Entity.
Units	Divides the beneficial interest in the Fund into Units – permits the Responsible Entity to issue Units from time to time – on the issue of Units, the Responsible Entity must specify the class of the Units and the rights attaching to that class and may at a later date vary the assets, rights and obligations that relate to specific Units – provides that the Responsible Entity may accept or reject any transfer of Units in its absolute discretion. Provides that each Unit confers an equal and undivided beneficial interest in the assets of the Fund.
Application price for Units	Sets the issue price for the issue of Units at AUD1.00 – provides that the issue price for Units issued on the reinvestment of a periodic distribution to be based on the value of the assets of the Fund which relate to the relevant class less certain liabilities which relate to the relevant class and a proportion of liabilities in relation to the Fund as a whole.
Application procedure	Enables the Responsible Entity to determine the application procedure for Units – provides that no certificates for Units will be issued. Provides that the Responsible Entity cannot issue or redeem any Units or other interests from the 80th anniversary of the commencement of the Fund.
Redemption price of Units	Provides that the redemption price of Units is based on the value of the assets of the Fund which relate to the relevant class less certain liabilities which relate to the relevant class and a proportion of liabilities in relation to the Fund as a whole.
Redemption procedures	Establishes the redemption procedure for Units – provides that the member must pay all costs incurred by the Fund in connection with the redemption of their Units to the extent that those costs are not fully recognised in the redemption price of Units – provides that such amounts may be deducted from the amount payable to the member in connection with the redemption – provides that the Responsible Entity may accept or reject a redemption request in its absolute discretion and that the Responsible Entity may satisfy a redemption request out of the assets or by purchasing, or arranging for another person to purchase, Units, and may act as agent and attorney of the member to facilitate such a purchase. The Responsible Entity may in its absolute discretion, redeem some or all of the Units of a member, regardless of whether or not it has received a redemption Request.
Valuation of assets	Provides rules for the valuation of assets.
Distributions to members	Requires the Responsible Entity to determine all of the distributable income of the Fund each distribution period and each year, and to determine the extent to which periodic distributions, redemption distributions and other distributions are a distribution of distributable income – each Unit of a class on issue at 5.00pm on the record date for the distribution is entitled to a proportionate share of the amount that would be calculated as distributable income if the assets of the Fund which relate to that class were held by the Responsible Entity under a single Fund – provides that the Responsible Entity may require members to reinvest some or all of any distribution to acquire further Units of the same class to which the distribution relates – provides that the member must reimburse or indemnify the Responsible Entity if it is required to pay or withhold any amount in respect of the tax obligations of the member.
Payments	Provides rules for the making of payments – permits the Responsible Entity to deduct from any payment due to a member, any amount of tax, or any amount that the member owes the Responsible Entity or any other person including the Loan Provider or any Macquarie Group company.

Constitution of the Macquarie Flexi 100 Trust	
Powers of the Responsible Entity	Provides that the Responsible Entity has all powers in respect of the Fund that it is possible to confer on a trustee and as though it were the absolute owner of the assets and acting in its personal capacity – provides that the Responsible Entity may invest in, dispose of and otherwise deal with property and rights (including derivatives) in its absolute discretion.
Retirement of the Responsible Entity	The Responsible Entity may as permitted by the Corporations Act retire (the Corporations Act requires a meeting of members) and must retire when required by the Corporations Act.
Notices to members	Establishes rules for how the Responsible Entity may communicate to members.
Notices to the Responsible Entity	Establishes rules for how members may communicate to the Responsible Entity.
Meetings of members	Establishes rules for holding meetings of members – provides that the quorum for a meeting of members is at least two members holding at least 10% of all Units.
Rights and liabilities of the Responsible Entity	Provides that the Responsible Entity and its associates may hold Units – provides that the Responsible Entity may deal with itself or an associate or member in any manner, and may be interested in any contract or transaction with itself or an associate or any member and retain for its own benefit any profits derived from such contract or transaction and act in the same or a similar capacity in relation to any other managed investment scheme.
Limitation of liability and indemnity in favour of the Responsible Entity	Provides that the Responsible Entity is not liable to members for any loss suffered in relation to the Fund except to the extent that the Corporations Act imposes such liability – provides that the Responsible Entity's liability to persons other than members is limited to the Responsible Entity's ability to be indemnified out of the assets of the Fund – provides that the Responsible Entity is entitled to be indemnified out of the assets of the Fund for any liability incurred in properly performing its powers and duties.
Liability of members	Provides that the member or former member must indemnify the Responsible Entity if it is required to pay any tax as a result of a member's action or inaction or as a result of an act or omission requested by the member or former member or if it incurs any cost in relation to any payment in relation to the Fund or any act or omission of the member. Provides that, subject to other liabilities, the liability of a member is limited to the amount (if any), which remains unpaid on the member's Units.
Remuneration and expenses of the Responsible Entity	Provides that the Responsible Entity is entitled to be paid an application fee of up to 5.5% (including GST) of the application monies in respect of each application for Units which it accepts — provides that the Responsible Entity is entitled to be paid a fee of up to 2.2%pa (including GST) of the aggregate application prices paid for Units issued from the assets of the Fund. Provides that all expenses incurred by the Responsible Entity in relation to the proper performance of its duties in relation to the Fund are payable or reimbursable out of the assets of the Fund to the extent that such reimbursement is not prohibited by the Corporations Act – provides that if the Responsible Entity is liable to pay GST in respect of any supply in connection with the Constitution, the Responsible Entity is entitled to be paid out of the assets of the Fund an amount on account of GST – provides that the Responsible Entity may redeem Units held by the member and use the redemption proceeds to satisfy any amount of money due to it by the member.
Duration of Fund	Provides that the Fund commences when the first Units are issued and terminates on the earliest of the date specified by the Responsible Entity or the date the Fund terminates under law.
Procedure on termination	Establishes the procedure for realisation of assets following termination and distributions on termination.
Amendment to Constitution	Provides that the Constitution may be amended by special resolution of members or by the Responsible Entity if the amendment will not adversely affect members' rights.

Constitution of the Macquarie Flexi 100 Trust	
Compliance committee	Provides that members of the compliance committee are entitled to be indemnified out of the assets of the Fund for liabilities incurred in good faith while acting as members of the compliance committee.
Complaints	Establishes a procedure for the resolution of complaints.
Security interests	Provides a mechanism for noting security interests on the register of members – provides that where the member directs the Responsible Entity to pay distributions on Units to the holder of the security interest noted on the register, the Responsible Entity may pay distributions to the security interest holder until notified by the security interest holder.
Information about members	Provides that before or after issuing any Units, or approving or rejecting any transfer or transmission of Units, the Responsible Entity may require the applicant, allottee, transferee, transmittee or member to provide certain information or evidence to the Responsible Entity.
Interpretation	Defines terms used in the Constitution.

4.5. THE COMPLIANCE PLAN

The Fund has a Compliance Plan which describes the measures that the Responsible Entity will apply in operating the Fund to ensure compliance with the Corporations Act and the relevant Constitution. A compliance committee with a majority of independent members has been established by the Responsible Entity to oversee compliance with the Compliance Plan, the Constitution and the Corporations Act.

5. Loan Agreements

5.1. LOAN AND PUT OPTION AGREEMENT

The Loan and Put Option Agreement is to be entered into by those investors who choose to take out a Limited Recourse Investment Loan.

A feature of your investment is the ability to 'Walk-Away'. This means that you may choose to walk away from your Limited Recourse Investment Loan without paying any further amounts to the Loan Provider or applicable break costs. However, in some circumstances there will be further amounts you will be obliged to pay if you Walk-Away. For example, if you have an Interest Loan, you will have to repay all outstanding amounts on the Interest Loan plus any applicable break costs.

BETWEEN YOU AND US

1. Loan and Put Option Agreement

1.1. Applications for Loans

You may apply for:

(a) an Investment Loan; or

(b) an Investment Loan and an Interest Loan,

at any time by completing an Application Form.

By completing and submitting the Application Form, you offer to borrow the aggregate of:

(i) an amount up to the amount stated on the Application Form as being the Investment Loan Amount, and

(ii) if an Interest Loan is applied for by you, for the initial Interest Loan, the amount calculated by us as being the Initial Investment Loan Interest Amount and for each subsequent Interest Loan, the amount calculated by us as being the interest then payable on the Investment Loan,

each on the terms set out in this agreement and the Application Form.

If we accept your offer, we will send you an Initial Confirmation and provide the Investment Loan Amount and the Initial Investment Loan Interest Amount (if applicable) in accordance with clauses 1.2. and 1.3. below.

If you apply for more than one Unit Class and/or if you complete more than one Application Form, you will be deemed to have applied for separate Loans and each such Loan provided to you by us will be governed by the terms set out in this agreement as if this agreement was a separate agreement with respect to each Loan.

You agree that any offer to borrow under any Loan made by you in accordance with an Application Form is irrevocable and may not be amended by you without our prior consent.

1.2. Investment Loan Purpose and Drawdown

If we accept your offer to borrow the Investment Loan Amount, we will provide the Investment Loan Amount in a single drawing on the Investment Loan Drawdown Date.

The Investment Loan Amount will be the amount specified as such in the Initial Confirmation.

The Investment Loan must be used only to fund the acquisition by you or, if you are a Superannuation Trustee, the Security Trustee as registered owner on trust for you of the Relevant Units specified in the Initial Confirmation and you hereby irrevocably authorise and direct us to pay the Investment Loan Amount to the Issuer towards that payment.

1.3. Interest Loan Purpose and Drawdown

If we accept your offer to borrow the Initial Investment Loan Interest Amount we will provide the Initial Investment Loan Interest Amount in a single drawing on the Investment Loan Drawdown Date.

Each Interest Loan must be used only to fund the interest payable on the Investment Loan on the Investment Loan Interest Payment Date specified in the Confirmation relating to that Interest Loan and you hereby irrevocably authorise and direct us to apply the proceeds of each Interest Loan towards that payment.

After you draw the Initial Investment Loan Interest Amount for the first Investment Loan Interest Period, we will provide you with an Interest Loan for each subsequent Investment Loan Interest Period on each Investment Loan Interest Payment Date until and including the final Investment Loan Interest Payment Date unless:

(a) any of the conditions precedent in clause 2.1 have not been satisfied or waived on that Investment Loan Interest Payment Date;

(b) you notify us no later than 15 Business Days prior to the Investment Loan Interest Payment Date that you do not wish to draw an Interest Loan for an Investment Loan Interest Period; or

(c) you have submitted a Withdrawal Form in relation to the Relevant Units; or

(d) we notify you before the final Investment Loan Interest Period that we will not provide you with an Interest Loan because the final Investment Loan Interest Period is less than a full year.

We will send to you a Confirmation with respect to each Interest Loan.

The amount of each subsequent Interest Loan will be the amount of interest payable by you on the Investment

Loan that relates to the relevant Investment Loan Interest Period, as set out in the Confirmation relating to that Interest Loan.

1.4. Put Option

In consideration of your promise to pay the Put Option Premium, we will grant Put Options to you in accordance with clause 5.

2. Conditions precedent

2.1. Conditions precedent

We need not provide any Loan unless:

(a) the Application Form submitted in respect of the Loan has been completed in full in a form capable of acceptance and the direct debit request in that Application Form has been effected in respect of an account of a bank or financial institution acceptable to us;

(b) we are satisfied that, after providing it, the Loan Limit would not be exceeded;

(c) if you are a trustee of a trust, we have received a certificate from your solicitor in the form set out in the Application Form where required in accordance with the Application Form;

(d) in the case of the Investment Loan, you have paid all interest that is payable on the Investment Loan on the Investment Loan Drawdown Date or you have applied and we have accepted your application for an Interest Loan with respect to such interest;

(e) if you are a Superannuation Trustee, the Relevant Units referred to in the Application Form are being issued to the Security Trustee on trust for you in accordance with the Security Trust Deed;

(f) if you are a Superannuation Trustee, the Security Trustee Mortgage is in full force and effect;

(g) we are reasonably satisfied that the representations and warranties in clause 16 are correct and not misleading at the date the Loan is to be provided (the fact that we reach this conclusion is not to be taken as conclusive if in fact the representations or warranties are misleading or deceptive);

(h) the Responsible Entity has granted the Collateral Security in form and substance satisfactory to us;

(i) we are reasonably satisfied that no Event of Default has occurred or is continuing or would result from the Loan being provided; and

(j) we have received such other documents, information or opinions relating to you as we may reasonably require in order to:

  (i) ensure compliance with any anti-money laundering – counter-terrorist financing laws or other applicable laws;

  (ii) determine whether you have the authority to enter into the Loan upon the terms set out in this agreement; or

  (iii) determine whether any other condition precedent has been satisfied.

2.2. Benefit of conditions precedent

Each condition precedent is for our sole benefit and may be waived by us.

3. Interest

3.1. Investment Loan Interest Payments

You must pay all interest on the Investment Loan annually in advance on each Investment Loan Interest Payment Date. The interest on the Investment Loan (and the interest on the Interest Loan as referred to in clause 3.2, if applicable) includes an amount for the grant of each Put Option, being the Put Option Premium. Interest on the Investment Loan is calculated daily at the Investment Loan Interest Rate for each day of the Investment Loan Interest Period. If an Investment Loan Interest Payment Date is not a Business Day, clause 14 will apply.

3.2. Interest Loan Interest Payments

You must pay interest on each Interest Loan monthly in arrears on each Interest Loan Interest Payment Date. The interest on the Interest Loan (and the interest on the Investment Loan as referred to in clause 3.1.) includes an amount for the grant of each Put Option, being the Put Option Premium. Interest on each Interest Loan is calculated and accrues daily at the prevailing Interest Loan Interest Rate for each day during the period from (and including) one Interest Loan Interest Payment Date to (but excluding) the next Interest Loan Interest Payment Date. For the purpose of calculating interest only, the date the Principal under any Interest Loan is drawn down is an Interest Loan Interest Payment Date. If an Interest Loan Interest Payment Date is not a Business Day, clause 14 will apply.

3.3. Default Interest Payments

If you do not pay any amount under this agreement on the due date for payment (including where funds in your nominated bank account are insufficient to pay any amount when due), you must pay interest on that amount at the Default Rate.

Interest charged at the Default Rate accrues daily from (and including) the due date to (but excluding) the date of actual payment, and is calculated on actual days elapsed.

If a liability becomes merged in a judgment, you agree to pay interest on the amount of that liability as an independent obligation. This interest:

(a) accrues daily from (and including) the date the liability becomes due for payment both before and after the judgment up to (but excluding) the date the liability is paid; and

(b) is calculated at the judgment rate or the Default Rate (whichever is higher).

You agree to pay interest under this clause on demand from us.

3.4. Calculations on a daily basis

All interest, amounts in the nature of interest and fees under this agreement are calculated on a daily basis and a year of 365 days.

3.5. Payment of interest

All interest payments must be made via direct debit from your nominated account.

3.6. No refund of prepaid interest

You will not be entitled to any refund or rebate of any interest you have prepaid on the Investment Loan, other than as a result of exercising any cooling off rights you may have in relation to the Relevant Units or in the event that the Swap Agreement in respect of the Relevant Units is not entered into.

4. Repayment of the Investment Loan

4.1. Repayment of the Investment Loan

You must repay us the Outstanding Money under the Investment Loan in one amount:

(a) if all of the Relevant Units applicable to the Investment Loan are redeemed pursuant to clause 9, the later of:
  (i) the date on which the proceeds from such redemption become available to you; and
  (ii) the Maturity Date;

(b) if you advise us under clause 9 that you wish to have all of the Relevant Units transferred to your name after the Maturity Date, 10 Business Days prior to the Maturity Date;

(c) if the Investment Linked Swap Arrangement, or any part of the Investment Linked Swap Arrangement, is terminated and a replacement Investment Linked Swap Arrangement (or similar) is not put in place; or

(d) if in relation to the Unit Class which the Relevant Units form a part, that Unit Class is redeemed as a result of the Calculation Agent (as defined in the Flexi 100 PDS) not calculating the return of the relevant reference asset and a replacement entity is not appointed.

(e) if the Relevant Units are otherwise redeemed at the election of the Responsible Entity.

4.2. Prepayment upon exercise of Put Option

(a) If you exercise a Put Option in accordance with clause 5, you must prepay the Outstanding Money or the portion of the Outstanding Money corresponding to the Relevant Units specified in the relevant Withdrawal Form (as applicable) under the Investment Loan in one amount on the relevant Put Option Exercise Date.

(b) You may only exercise a Put Option in respect of a portion of the Relevant Units if:
  (i) the portion of the Outstanding Money required to be repaid that relates to the Relevant Units is greater than or equal to $10,000 and is in $1,000 increments above that amount; and
  (ii) following the prepayment of the Investment Loan in connection with the exercise of the relevant Put Option, the Principal under the relevant Investment Loan would not be no less than the Minimum Loan Amount.

4.3. Prepayment without Disposal of Relevant Units

If you are required to have the ability to prepay a Loan in order to comply with any law applicable to you, you may prepay all or any part of the Outstanding Money under the Investment Loan, by submitting a notice in accordance with clause 4.4, subject to the restrictions that:

(a) the minimum prepayment amount is $10,000 and only $1,000 increments above that amount will be accepted;

(b) unless the Investment Loan is being prepaid in full, following any prepayment, the Principal under the Investment Loan must be no less than the Minimum Loan Amount; and

(c) if you have an Interest Loan in respect of the Relevant Units, all of the amounts that will be required to be paid pursuant to clause 6.2. have been paid in full.

You may make more than one prepayment under this clause per calendar year. We will charge you a fee of $50 for each prepayment made under this clause after the first prepayment in that calendar year.

4.4. Process for prepayment

If you intend to prepay all or any part of the Outstanding Money under clause 4.3 and, if relevant, clause 6.2 you must notify us of the proposed prepayment by the 15th day of the calendar month preceding the prepayment date. If the 15th of the calendar month is a day that is not a Business Day, then the notice is due on the preceding Business Day.

You acknowledge that once given, a notice of prepayment is irrevocable and you are obliged to prepay in accordance with the notice.

4.5. Release of Mortgaged Property

If you make a repayment or prepayment in accordance with this clause 4. or exercise a Put Option, we will:

(a) release the Mortgage over the Mortgaged Property or the relevant portion of Mortgaged Property (as applicable); and

(b) if you are a Superannuation Trustee, instruct the Security Trustee to notify the Issuer of such repayment, prepayment or exercise of Put Option (as applicable).

5. Put Option

Each Put Option constitutes an irrevocable offer by us to you to, on effective exercise of that Put Option, buy the Put Property for the Sale Price on the relevant Put Option Exercise Date on the following terms and conditions:

(a) Each Put Option may only be exercised on a Put Option Exercise Date by you submitting a Withdrawal Form to us and us receiving such Withdrawal Form by at least the 15th of the calendar month preceding the relevant Put Option Exercise Date and if the Put Property is not security for any other amounts or obligations owing to us and will be assigned and transferred free from any Security Interest on the Put Option Exercise Date. If the 15th of the calendar month is a day that is not a Business Day, then the Withdrawal Form is due on the preceding Business Day.

(b) If you submit a Withdrawal Form to us in accordance with clause 5(a) and provided that the relevant Put Option has been validly exercised by you in accordance with clauses 4.2(b) and 5(a):

(i) subject to paragraphs (b)(ii) and (c) below, we must pay the Sale Price to you or as you direct; and

(ii) you acknowledge that the Relevant Units or portion of Relevant Units (as applicable) will be transferred to us or to any other person nominated by us, or if you are a Superannuation Trustee, your rights (including your rights to the proceeds of Disposal of the Relevant Units or portion of Relevant Units (as applicable)) under the Security Trust Deed will be assigned to us or the Relevant Units or portion of Relevant Units (as applicable) will be transferred to us by the Security Trustee or to any other person nominated by us in accordance with the Security Trust Deed,

on the relevant Put Option Exercise Date.

(c) We may set-off the Outstanding Money in relation to each Loan against the Sale Price payable by us to you under this clause 5, in accordance with clause 14.

(d) Unless exercised under this clause 5, each Put Option automatically lapses on the relevant Put Option Exercise Date.

6. Repayment of the Interest Loan

6.1. Repayment of Interest Loan

You must repay an Interest Loan in twelve equal instalments. Each instalment must be paid on the Interest Loan Repayment Dates and all Outstanding Money under an Interest Loan must be paid on the date specified in the Confirmation relating to that Interest Loan as the 'Interest Loan Final Payment Date'.

6.2. Repayment after prepayment of the Investment Loan

If you repay the Investment Loan pursuant to clause 4.1, prepay the Investment Loan whether in whole or in part under clause 4.3. or prepay the Investment Loan whether in whole or in part on exercise of a Put Option, you must repay all of the Outstanding Money under all Interest Loans, in one amount on the day the Investment Loan is repayable pursuant to clause 4.1 or clause 4.3 or on the relevant Put Option Exercise Date (as applicable).

7. Application of funds and reborrowing

7.1. Application of funds after redemption

If you are a Superannuation Trustee and any of the Relevant Units are redeemed, you must ensure, and you acknowledge, that the proceeds from the redemption will be paid to us in accordance with the Security Trust Deed and applied by us in accordance with clause 14.10. If you are not a Superannuation Trustee and any of the Relevant Units are redeemed, you authorise us to apply the proceeds of redemption in accordance with clause 14.10. and to pay any remaining amount of the proceeds to you or as you direct.

7.2. Amounts may not be reborrowed

Amounts repaid or prepaid may not be reborrowed under this agreement.

8. Your Obligations

8.1. Your Obligations

Your obligations under this agreement, including your obligations to repay the Outstanding Money and pay Costs are not affected by:

(a) the success or failure of the Relevant Units or the Flexi 100 Trust;

(b) the level of return from or loss of money invested in the Relevant Units or the Flexi 100 Trust; or

(c) any illegality in connection with the Relevant Units or the Flexi 100 PDS.

9. Maturity Date redemption request

(a) Subject to clauses 9(b) and 9(c), you authorise us to complete and deliver a redemption request to the Issuer (or, if you are a Superannuation Trustee, direct the Security Trustee to do so) within the minimum number of days required under the constituent documents of the Flexi 100 Trust before to effect a redemption on the Maturity Date ('Minimum Period').

(b) You may, by the earlier of the beginning of the Minimum Period and 45 days before the Maturity Date, request that:

(i) you retain all of the Relevant Units beyond the Maturity Date; or

(ii) you redeem only a portion of the Relevant Units on the Maturity Date,

in which case you will be obliged to make the relevant payments under clause 4.1 and clause 6.2.

(c) If you make payment in accordance with clause 9(b) then subject to the terms of any other agreement between us and if the Mortgaged Property is not security for any other amounts or obligations to us, we agree to cause the Relevant Units not to be redeemed or to request a partial redemption, as

applicable (or, if you are a Superannuation Trustee, direct the Security Trustee to do so).

10. Limited recourse

Despite any other provision in this agreement but subject to this clause 10, your liability to pay any amount in respect of the Investment Loan under this agreement may only be discharged from, and our recourse against you in respect of any such amount is limited to, the amount which we can obtain by enforcing our rights relating to the Mortgaged Property (and, if you are a Superannuation Trustee, under the Security Trust Deed) and our rights under clause 14. We may not seek to recover any shortfall in the amounts owing to us under your Investment Loan by bringing proceedings against you or applying to have you wound up or (if you are an individual) applying to have you declared bankrupt.

However, we may:

(a) do anything necessary to enforce our rights in connection with the Mortgage or, if you are a Superannuation Trustee, under the Security Trust Deed or our rights under clause 14;

(b) take proceedings to obtain:

  (i) an injunction or other order or equitable relief to restrain any breach of this agreement or, if you are a Superannuation Trustee, the Security Trust Deed by you or the Security Trustee; or

  (ii) declaratory relief or other similar judgment or order as to your obligations under this agreement; and

(c) do anything necessary to enforce our right to apply any proceeds received by us on enforcement of the Mortgage against any amount payable under, or in connection with, this agreement (or if you are not a Superannuation Trustee, any other agreement), including any interest, Costs or taxes under, or in connection with, this agreement.

This clause 10. does not apply to any amount in respect of an Interest Loan, including the interest on an Investment Loan where you also have an Interest Loan.

11. Instructions to Security Trustee where you are a Superannuation Trustee

If you are a Superannuation Trustee, until all amounts which are or may be payable under this agreement (including all Outstanding Money) have been paid to us in full, you:

(a) irrevocably and unconditionally authorise us to give to the Security Trustee instructions or directions in connection with the Relevant Units on your behalf; and

(b) agree that you will not give the Security Trustee instructions or directions in connection with the Relevant Units.

12. Change of law or circumstances

If there occurs any change in law or interpretation which makes it unlawful for us to make, fund or maintain any Loan or for you to borrow, grant or maintain any security under any Loan, we may notify you or you may notify us (as applicable) and thereupon our obligation to make, fund or maintain such Loan ceases and, where the Loan is an Investment Loan, any Put Options over the Relevant Units shall terminate unexercised. You agree to immediately (or before the unlawfulness occurs, if it has not yet occurred) repay all Outstanding Money under each Loan in full together with any other money then accrued or due in respect of each of those Loans (whether or not yet payable) under this agreement.

13. Fees and expenses

13.1. General fees and expenses

Within 5 Business Days of demand (whether or not any Loan is drawn):

(a) you agree to pay or reimburse us for all stamp duty, any tax on goods and services, value added tax and registration fees (if any) incurred or payable by us in connection with or arising out of this agreement and related documentation

(b) you also agree to pay or reimburse us for all Costs incurred or payable by us in connection with any action required to be taken by us under this agreement and the contemplated or actual enforcement of, or preservation of rights under, this agreement.

The costs set out in this clause form part of the Secured Moneys.

13.2. Specific fees and expenses

Where required by us, you agree to pay the following fees:

(a) an establishment fee in respect of the Investment Loan in an amount specified in the PDS and payable:

  (i) if you drawdown on an Interest Loan, in 12 equal instalments on the first 12 Interest Loan Interest Payment Dates; or

  (ii) if you do not drawdown on an Interest Loan, in full on the Investment Loan Drawdown Date;

(b) a fee for extra copies of statements and reports (currently $10 per page), payable upon request of such copies by you;

(c) a retrieval of information fee (currently $50 plus $10 per page), payable where you or your adviser or authorised representative request us to retrieve, collate, sort or provide archived or historical information about a Loan;

(d) a direct debit dishonour fee (currently $50) where a direct debit under this agreement is dishonoured;

(e) a fee equal to the fees payable for the entry of the Mortgage on any required register (currently $175 if you are a company or corporate trustee) payable on the Investment Loan Drawdown Date; and

(f) a fee equal to the fees payable for entering the release or partial release of the Mortgage on any register (currently $65 if you are a company or corporate trustee) payable when the notice of release is lodged by us.

Except where otherwise provided, the fees set out in this clause are payable within 5 Business Days of demand and form part of the Secured Moneys. We may with effect from any Investment Loan Interest Payment Date impose new fees and charges and vary any of these fees or the manner in which they are calculated and we will give you notice of the new or varied fees or charges at least 30 days before the relevant Investment Loan Interest Payment Date.

14. Payments

14.1 Full Payment

All money payable by you under this agreement must be paid in full without set-off or counterclaim of any kind and free and clear of deduction or withholding of any kind.

14.2. Set off

Notwithstanding the preceding paragraph, if at any time:

(a) any money is due and payable by you but unpaid under this agreement;

(b) we are the Collateral Counterparty under the Collateral Agreement and are placed in Liquidation; and

(c) you have a claim (as beneficial owner) against us as Collateral Counterparty in respect of the Cash Collateral or the Collateral Agreement,

then we irrevocably and unconditionally agree that your claim against us will be set off against your obligation to pay any Outstanding Money payable under this agreement to the extent of the amount of such claim.

14.3. Business Day

If any amount would otherwise become due for payment on a day which is not a Business Day, that amount becomes due on the preceding Business Day.

14.4. Certificate

A certificate signed by us about an amount payable or other matter in connection with this agreement is evidence of the amount or matter, unless the contrary is proved.

14.5. Payments by direct debit

Unless we agree otherwise, all payments under this agreement must be effected by way of a direct debit from an account at a bank or financial institution acceptable to us.

14.6.Set off of Sale Price and Distributions

Subject to clause 10, without notice to you or any other person, we may apply and set off against all or part of the Outstanding Money and any other amount owing (whether present or future, actual, contingent or prospective) by you to us under this agreement:

(a) the Sale Price payable to you by us under, or in connection with, the exercise by you of a Put Option; and

(b) all or part of the Distributions paid to us by the Issuer under, or in connection with, the Relevant Units or, if you are a Superannuation Trustee, paid to us on your behalf by the Security Trustee.

14.7. Set off of credit balance

Subject to clause 10 and provided that you are not a Superannuation Trustee, without prior notice to you or any other person, we may set-off and apply any credit balance (or any part of it in such amounts as we may elect) on any account of yours with us (whether or not the account has matured) and any other money owing by us to you, against any Outstanding Money and any other amount owing (whether present or future, actual, contingent or prospective) by you to us under this agreement.

14.8. Set off of credit balance with other member of the Macquarie Group

Subject to clause 10 and provided that you are not a Superannuation Trustee, we may set-off and apply any credit balance (or any part of it in such amounts as we may elect) on any account of yours with any other member of the Macquarie Group (whether or not the account has matured) and any other money owing by any other member of the Macquarie Group to you, against any Outstanding Money and any other amount owing (whether present or future, actual, contingent or prospective) by you to us under this agreement.

14.9. Set off and dispute resolution

In the event that any amount which is sought to be set-off by us under clauses 14.7. and 14.8. above is the subject of a bona fide dispute then our right of set-off under those clauses shall be suspended pending the outcome of any dispute resolution process which is undertaken by the relevant parties in respect of that dispute.

14.10. Order of payment

Any payments received by us (whether by set off, upon disposal of your Units or otherwise) shall be applied as follows:

(a) first, to pay any Outstanding Money then owing under any Investment Loan;

(b) secondly, to pay Secured Moneys other than the Outstanding Money owing under any Investment Loan or Interest Loan;

(c) thirdly, to pay the Outstanding Money then owing under any Interest Loan;

(d) fourthly, to pay any other amounts that you agree with us.

14.11.Appropriation of payments

In applying any amount against the Outstanding Money under any Loan we shall be entitled to appropriate

any payment received by us as between interest and principal in such order and in such amounts as we determine in our sole discretion.

15. Use of MACs

There is no MAC Acknowledgement.

If we accept your offer under clause 1, we will issue each User with a MAC if they do not already have one.

If there is more than one User, each User authorises the others to use their MAC to give instructions in connection with this agreement, as if they were the sole User.

For your own security against loss, MACs should be protected. If a User believes that their MAC has been compromised, they must take immediate action to limit their liability.

16. Representations and warranties and acknowledgements

16.1. Representations and warranties

You represent and warrant to us on the date you sign or submit the Application Form and on each Drawdown Date that:

(a) the financial accommodation provided by us under this agreement will be applied wholly or predominantly for business or investment purposes (or both);

(b) if you are not a Superannuation Trustee or a trustee of a trust, on acquisition of Relevant Units by you, (unless we take legal title in accordance with clause 22.3(a))you will be the legal and beneficial owner of and have good title to, the Relevant Units free from any Security Interest other than the Mortgage;

(c) if you are a trustee of a trust other than a Superannuation Trustee, on acquisition of Relevant Units by you, (unless we take legal title in accordance with clause 22.3(a)) you will be the legal owner (but not the beneficial owner) of and have good title to, the Relevant Units free from any Security Interest other than the Mortgage;

(d) if you are a Superannuation Trustee, on acquisition of Relevant Units, the Security Trustee will be the legal owner of the Relevant Units and you will be beneficially entitled to the Relevant Units, free from any Security Interest;

(e) if you are not a Superannuation Trustee, on acquisition of Relevant Units by you this agreement creates a first ranking fixed mortgage over the Mortgaged Property in accordance with clause 22.2 being an equitable mortgage (unless we take legal title in accordance with clause 22.3(a));

(f) you obtain various benefits by entering into, exercising your rights and performing your obligations under this agreement;

(g) you are able to pay your debts as and when they become due and payable;

(h) no Event of Default continues unremedied;

(i) unless stated in the Application Form, you do not enter into this agreement as a trustee of a trust;

(j) where you are a Corporation:

  (i) you have been incorporated in accordance with the laws of your place of incorporation, are validly existing under those laws and have power and authority to carry on your business as it is now being conducted;

  (ii) you have power to enter into this agreement and comply with your obligations under it;

  (iii) this agreement does not contravene your constituent documents (if any) or any law or obligation by which you are bound or to which any of your assets are subject or cause a limitation on your powers or the powers of your directors to be exceeded;

  (iv) you have in full force and effect the authorisations necessary for you to enter into this agreement, comply with your obligations and exercise your rights under it and to allow it to be enforced;

  (v) no person has contravened or will contravene section 208 or section 209 of the Corporations Act or any other law by entering into this agreement or participating in any transaction in connection with this agreement;

  (vi) there is no pending or threatened proceeding affecting you or your Related Bodies Corporate or any of your assets before a court, governmental agency, commission or arbitrator except those in which a decision against you or the Related Body Corporate would not result in a Material Adverse Change;

  (vii) neither you nor any of your Related Bodies Corporate is in breach of a law or obligation affecting any of them you or your assets in a way which may result in a Material Adverse Change; and

  (viii) neither you nor any of your Related Bodies Corporate has immunity from the jurisdiction of a court or from legal process; and

(k) where you submit the Application Form in your capacity as trustee of a trust:

  (i) you are the sole trustee of the trust, having been properly appointed;

  (ii) the trust is properly established under its trust deed and is validly subsisting;

  (iii) as trustee, you have the power to enter into this agreement and to borrow money as contemplated under this agreement, perform all of your obligations under this agreement and carry on the business or make the investments contemplated by entering into this agreement;

  (iv) you are not in breach of the trust;

  (v) you have the right to be fully indemnified out of the trust assets for obligations incurred by you under this agreement before the claims of beneficiaries and this right of indemnity has not been limited in any way;

(vi) no property of the trust has been resettled or set aside in any way; and

(vii) this agreement is for the benefit of the trust; and

(l) if you are a Superannuation Trustee, the acquisition of Relevant Units and your drawdown of the Investment Loan are permitted under the governing rules of your fund and are in accordance with your investment guidelines and strategies, and your duties as trustee and the SIS Law.

The representations and warranties made under paragraphs (d), (k) and (l) (if applicable) are made by you in your capacity as trustee of the trust and in your personal capacity.

16.2. Acknowledgement

You acknowledge that we have entered into this agreement in reliance on the representations and warranties in clauses 16.1.

17. Undertakings

17.1. Information

You agree to provide to us when we ask all financial or other information relating to you that we may from time to time reasonably request.

17.2. General

Unless we otherwise agree in writing, you undertake:

(a) not to create, agree or attempt to create or allow to exist, any Security Interest over or in respect of your interest in any Mortgaged Property other than the Mortgage or, if you are a Superannuation Trustee, pursuant to the Security Trust Deed;

(b) not to Dispose of or otherwise deal with, or instruct the Issuer (or, if you are a Superannuation Trustee, the Security Trustee) to Dispose of or otherwise deal with, any Mortgaged Property or any interest in it other than under the Put Option;

(c) to ensure that you are not in breach and that no event of default occurs under any other agreement that you may have with us or any other financier;

(d) to ensure that no Security Interest granted by you over any of your assets becomes enforceable;

(e) to notify us if any representation or warranty made by you in connection with this agreement is found to have been incorrect or misleading when made;

(f) to do everything necessary to ensure that no Event of Default occurs;

(g) if an Event of Default occurs, to notify us giving full details of the event and any step taken or proposed to be taken to remedy it;

(h) if you are a trustee of a trust, comply with your duties as trustee and the instrument under which you are appointed; and

(i) if you are a Superannuation Trustee, comply with the SIS Law.

18. Anti-money laundering – counter-terrorist financing ('AML-CTF')

18.1. Identification

You agree, promptly on our request:

(a) to supply, or procure the supply of, any documentation and other evidence; and

(b) perform any acts reasonably requested by us

to enable us to comply with any identification procedures or reporting obligations under any AML-CTF laws.

18.2. Action

You acknowledge that, despite anything to the contrary in any document, if:

(a) we reasonably suspect that you are in breach of any law applicable in Australia or elsewhere; or

(b) any applicable law requires us to do so,

then we may instruct the Issuer (and the Security Trustee, if you are a Superannuation Trustee) to transfer the Relevant Units or take any other action we consider appropriate in order to comply with any AML-CTF law any directive by any relevant government authority applicable in Australia or elsewhere.

We may report any transaction or activity, or proposed transaction or activity, in relation to the Loans or the Relevant Units to any reporting body authorised to accept reports under any AML-CTF law applicable in Australia or elsewhere (with or without notice to you) if in our reasonable opinion this is required in order to comply with any AML-CTF law.

19. Events of Default

Each of the following events is an Event of Default:

(a) you fail to pay any money when due in accordance with this agreement;

(b) you fail to duly and punctually perform or comply with any of your obligations under this agreement (other than any payment obligation) and, where capable of remedy, such failure continues for more than 5 Business Days after written notice from us;

(c) any representation or warranty made by you in connection with this agreement, is found to have been materially incorrect or misleading when made;

(d) where you are a Corporation:

(i) an application is made for an order, a meeting is convened to consider a resolution, a resolution is passed or an order is made that you be wound up, otherwise be dissolved or put into some other form of Liquidation or that an administrator, liquidator or provisional liquidator of you be appointed or any other form of Liquidation entered into by you; or

(ii) a receiver, receiver and manager, administrator, controller, trustee or similar officer is appointed in respect of all or any part of your business, assets or revenues; or

(iii) you cease to have at least one director or such other minimum number as required by your constitution;

(e) you die, become insolvent or are subject to any arrangement, assignment or composition, or are protected from any creditors or otherwise unable to pay your debts when they fall due;

(f) any government, governmental agency, department, commission, or other instrumentality seizes, confiscates, or compulsorily acquires (whether permanently or temporarily and whether with payment of compensation or not) the Mortgaged Property;

(g) any litigation, administrative proceedings or other procedure for the resolution of disputes is commenced in which your interest in any of the Mortgaged Property will or might be impeached or your enjoyment of, any of the Mortgaged Property will or might be restrained or otherwise hindered;

(h) there occurs an event which is, or in our reasonable opinion may lead to, a Material Adverse Change;

(i) if you submit the Application Form in your capacity as a trustee of a trust:

(i) you cease to be the trustee of the trust or any step is taken to appoint another trustee of the trust, in either case without our consent; or

(ii) an application or order is sought or made in any court for:

(A) your removal as trustee of the trust; or

(B) property of the trust to be brought into court or administered by the court or to be brought under its control; or

(iii) a notice is given or meeting summoned for your removal as trustee of the trust or for the appointment of another person as trustee jointly with you;

(iv) the trust terminates or the capital of the trust vests in any beneficiary of the trust or any other person (other than where it vests solely as a result of a person becoming a beneficiary of the trust);

(v) it is found that the trust has not been properly created; or

(vi) you lose your right of indemnity from the assets of the trust for any reason; or

(j) if you are a Superannuation Trustee, the Security Trustee retires or is removed as Security Trustee and a replacement Security Trustee is not appointed in accordance with the Security Trust Deed; or

(k) if you are a Superannuation Trustee, you fail to duly and punctually perform or comply with any of your obligations under the Security Trust Deed and, where capable of remedy, such failure continues for more than 5 Business Days after written notice from us or the Security Trustee.

20. Consequences of an Event of Default

If an Event of Default occurs we may, without being obliged to do so and despite any waiver of any previous Event of Default, and in addition to any other rights or remedies conferred by this agreement or by law:

(a) declare all Outstanding Money and all other sums which are accrued or due under this agreement (whether or not presently payable) to be due and payable, whereupon they are immediately due and payable without further demand, notice or other legal formality of any kind;

(b) if you are a Superannuation Trustee, exercise our right to enforce the Mortgage and Dispose of, or instruct the Security Trustee to Dispose of, the Mortgaged Property; and

(c) if you are not a Superannuation Trustee, do all acts and things and exercise all rights, powers and remedies that you could do or exercise in relation to the Mortgaged Property including, without limitation, the power to:

(i) take possession and assume control of the Mortgaged Property;

(ii) receive all money or other distributions (whether monetary or otherwise) made or to be made in respect of the Mortgaged Property;

(iii) dispose of or otherwise deal with the Mortgaged Property or agree to do the same (whether or not we have taken possession) at the best price reasonably obtainable having regard to circumstances existing at the time of the disposal or dealing and otherwise on such terms as we may reasonably determine;

(iv) employ solicitors, agents and accountants on such terms as we reasonably determine;

(v) carry out and enforce, or refrain from carrying out or enforcing, your rights and obligations which may arise in connection with the Mortgaged Property or obtained or incurred in the exercise of our rights, powers and remedies;

(vi) institute, conduct, defend, settle, arrange, compromise and submit to arbitration any claims, questions or disputes whatsoever which may arise in connection with the Mortgaged Property or in any way relating to this agreement, and to execute any related releases or other discharges; and

(vii) sign documents.

Any money which we reasonably incur by reason of doing any of the above forms part of the Secured Moneys.

21. Mortgage provisions applicable to a Superannuation Trustee

21.1. Application of this clause 21

This clause 21 only applies if you are a Superannuation Trustee.

21.2. Consent to Mortgage

(a) In consideration of us entering into this agreement and providing the Loans, you consent to the Security Trustee entering into the Security Trust Deed and you acknowledge that the Mortgaged Property will be subject to a Mortgage granted by the Security Trustee on the terms and conditions set out in the Security Trust Deed.

(b) You consent to and acknowledge that the Mortgage secures the payment of the Secured Moneys and performance of the Secured Obligations.

(c) The Mortgage is granted by the Security Trustee, with your consent, in return for us agreeing to make the Loan or Loans (as applicable) available to you.

(d) By entering into this agreement you agree that you are bound by the Security Trust Deed (including the Mortgage) as if you were named as a party to it.

(e) Upon the occurrence of an Event of Default, the Security Trustee may (without first notifying you) Dispose of the Relevant Units it holds as trustee for you and pay the proceeds from that Disposal to us.

21.3. Appointment of the Security Trustee

(a) Under the terms of the Security Trust Deed you appoint the Security Trustee to hold the Mortgaged Property for you from the day the legal title is first held by the Security Trustee until the Mortgage is released in respect of the Mortgaged Property.

(b) The appointment of the Security Trustee for the purpose of securing the performance of your obligations under this agreement by way of the Mortgage is not revocable by you until we execute a release of the Mortgage or otherwise consent in writing.

21.4. Enforcement

Under the terms of the Trust Deed;

(a) if an Event of Default occurs we may:

  (i) enforce the Mortgage and Dispose of the Mortgaged Property;

  (ii) exercise the Security Trustee's rights comprised in the Mortgaged Property; and/or

  (iii) exercise any other power granted by law to mortgagees or otherwise in accordance with the terms of the Security Trust Deed,

  and apply the proceeds in repayment of your Loan or Loans (as applicable).

(b) to the extent permitted by law, the Security Trustee has dispensed with any notice or lapse of time required by law for the enforcement of the Mortgage or the exercise of any power by us under the Security Trust Deed.

21.5. Obligations relating to the Mortgaged Property

You agree:

(a) not to provide any instructions to the Security Trustee or the Issuer relating to the Mortgaged Property that are inconsistent with this agreement or the Security Trust Deed;

(b) that under the Security Trust Deed you irrevocably and unconditionally direct the Security Trustee to pay Distributions to us, unless we request those Distributions be paid to you and acknowledge that we may set off such Distributions paid to us against any Outstanding Money in relation to any Loan or any other amounts that you agree with us in accordance with clause 14; and

(c) that under the Security Trust Deed you irrevocably and unconditionally direct the Security Trustee to pay the proceeds from the Disposal of any Relevant Units to us in accordance with the Security Trust Deed, unless we request those proceeds be paid to you, and acknowledge that we may set off such proceeds payable to us against any Outstanding Money in relation to any Loan in accordance with clause 14.

21.6. Your acknowledgements relating to instructions

You acknowledge and agree that under the Security Trust Deed:

(a) until all Secured Money has been paid to us, the Security Trustee must notify us before acting on your instructions (including in respect of the Mortgaged Property);

(b) the Security Trustee is authorised to act in accordance with any of our directions for any purpose under the Security Trust Deed, even if the directions contradict instructions that you have given or will give later in relation to the Mortgaged Property;

(c) you may not challenge any action taken by the Security Trustee in accordance with any instructions which the Security Trustee had reasonable grounds to believe were genuine and properly given; and

(d) until the occurrence or an Event of Default, the Security Trustee will seek your instructions or direction in respect of any voting rights which may apply to the Mortgaged Property. You shall be entitled to give such instructions as you see fit, so long as you do not do so in a manner that inconsistent with our interests, the Security Trust Deed or this agreement.

21.7. Failure to pay

If you do not comply with your obligation to pay any amount of money under clause 19(a), then we may pay such amounts and that payment will form part of the Secured Moneys.

21.8. Powers of the Security Trustee

(a) The Security Trustee may apply any Mortgaged Property held by it towards the satisfaction of any

Secured Moneys or any moneys owing by you to the Security Trustee in accordance with the Security Trust Deed.

(b) The Security Trustee has no powers, duties, rights or discretions in relation to the Mortgaged Property except as expressly set out in this agreement or the Security Trust Deed.

22. Mortgage provisions applicable if you are not a Superannuation Trustee

22.1. Application of this clause 22

This clause 22 only applies if you are not a Superannuation Trustee.

22.2. Creation of Mortgage

You, as beneficial owner (unless you submit the Application Form in your capacity as trustee of a trust, in which case you act as trustee and in accordance with your powers as trustee), mortgage the Mortgaged Property to us by way of a first ranking fixed mortgage as security for the due and punctual payment and satisfaction of the Secured Moneys. You acknowledge that there are no Relevant Units in existence at the time this mortgage is entered into.

22.3. Our rights

Without limiting any rights, powers or remedies conferred upon us by this agreement or by law, you irrevocably authorise us to do any one or more of the following at any time, whether before or after the occurrence of an Event of Default:

(a) if the Mortgage created under clause 22.2 is an equitable mortgage, instruct the Issuer of the Relevant Units to register the Relevant Units in our name as legal mortgagee;

(b) to request the Issuer of any Mortgaged Property to deliver to us documents of title in respect of the Mortgaged Property;

(c) to complete and deliver a redemption request in respect of any Mortgaged Property;

(d) to insert our name or our nominee's name (or, but only after an Event of Default has occurred, the name of any purchaser pursuant to a power of sale conferred by law or the power of sale referred to in clause 20) in all or any transfer documents ('Transfers') (and other relevant documents, if any) relating to any Mortgaged Property;

(e) to sign any Transfer in your name (and those other relevant documents); and

(f) to cause any Transfer to be registered.

22.4. Continuing security

This Mortgage is a continuing security and remains in full force and effect until the whole of the Secured Moneys has been paid or satisfied in full.

22.5. Partial or full release from Mortgage

If all or any part of the Principal under an Investment Loan is repaid or prepaid under clauses 4.1, 4.2 or 4.3, we must:

(a) if the Outstanding Money owing under the Investment Loan is partially repaid, release from the Mortgage a proportion of the Relevant Units whose value (when compared to the value of all that Relevant Units) bears the same proportion as the proportion of the Principal under the Investment Loan that is repaid; and

(b) if the Outstanding Money owing under the Investment Loan is fully repaid, release from the Mortgage all of the Relevant Units acquired with the proceeds of the Investment Loan.

However, we need not give any such release if an Event of Default has occurred and is then continuing.

22.6. Priority Amounts

For the purpose only of fixing priorities in accordance with section 282 of the Corporations Act and without affecting any of your obligations to us, the prospective liabilities secured by this agreement include, without limitation, the prospective liabilities of the nature specified below in this clause.

The prospective liabilities of you are the obligation of you to:

(a) repay all of the Principal advanced under this agreement;

(b) pay interest on each Loan and all other amounts payable under this agreement; and

(c) pay or reimburse us for all Costs, increased costs or loss incurred in connection with this agreement.

The maximum amount of the prospective liabilities provided for in this clause is three times the total of all Loan Limits.

22.7. Further assurances

You must do all things reasonably required by us to:

(a) give effect to the intent and purpose of this agreement; and

(b) to ensure that we have the full benefit of the rights and powers contemplated under this agreement.

22.8. Obligations relating to the Mortgaged Property

You agree:

(a) to comply with all obligations affecting the Mortgaged Property and pay on time all amounts for which the holder of the Mortgaged Property is liable including any taxes;

(b) at our request, in our discretion, to take up any rights attaching to the Mortgaged Property;

(c) to promptly provide us, on request, any information which we reasonably request about the Mortgaged Property or anything in relation to it;

(d) not to provide any instructions to the Issuer relating to the Mortgaged Property that are inconsistent with this agreement;

(e) that you hereby irrevocably and unconditionally direct the Issuer to pay Distributions to us, unless we request those Distributions be paid to you and acknowledge that we may apply and set off such Distributions paid to us against any Outstanding Money in relation to any Loan or any other amounts that you agree with us in accordance with clause 14;

(f) that you hereby irrevocably and unconditionally direct the Issuer to pay the proceeds from the Disposal of any Relevant Units to us, unless we request those proceeds be paid to you, and acknowledge that we may apply and set off such proceeds payable to us against any Outstanding Money in relation to any Loan in accordance with clause 14; and

(g) that any payment received by us from the Issuer of any Distribution or redemption proceeds under this clause fully discharges any obligation that the Issuer has to pay the Distribution or the redemption proceeds to you.

22.9. Appointment of receiver

Immediately upon or at any time after the occurrence of an Event of Default, we may appoint in writing any person to be a receiver or receiver and manager (the 'Receiver') of any Mortgaged Property and:

(a) the Receiver may be appointed by us on such terms as we think fit;

(b) we may remove a Receiver and may appoint another in their place;

(c) we may determine from time to time the remuneration of the Receiver; and

(d) if two or more persons are appointed as Receiver they may be appointed jointly and/or severally and may be appointed in respect of different parts of the Mortgaged Property.

22.10. Status and capacity of Receiver

(a) Unless and until we require, by notice in writing to you and the Receiver, that the Receiver act as our agent, the Receiver is your agent, and you alone are responsible for the acts and defaults of the Receiver, but in exercising any of our powers, the Receiver has both your and our authority.

(b) Subject to any specific limitations placed upon them by the terms of their appointment, the Receiver, in addition to any right, power or remedy conferred upon them by law (including under the Corporations Act), may do any act, matter or thing and exercise any right, power or remedy that may be done or exercised by us in relation to the Mortgaged Property.

22.11. Enforcement

If an Event of Default occurs we may:

(a) enforce the Mortgage and Dispose of the Mortgaged Property; and/or

(b) exercise any other power granted by law to mortgagees,

and apply the proceeds in repayment of your Loan or Loans (as applicable).

22.12. Failure to pay

If you do not comply with your obligation to pay any amount of money under clause 19(a), then we may pay such amounts and that payment will form part of the Secured Moneys.

22.13. Voting rights

Until an Event of Default occurs or Relevant Units are registered in our name, you may exercise the voting rights attached to Relevant Units as you see fit, so long as you do not do so in a manner inconsistent with our interests or inconsistent with this agreement.

If an Event of Default occurs and is subsisting or the Relevant Units are registered in our name, then:

(a) all your rights under this clause 22.13 immediately cease; and

(b) we are entitled to exercise the rights referred to in this clause 22.13, although we are not required to exercise such rights.

23. Liabilities and Costs

23.1. Costs

You shall compensate us for all losses, liabilities, damages and Costs which may be suffered or incurred by us arising in connection with:

(a) any Event of Default;

(b) the proper exercise or non-exercise of any right, power or remedy contained or referred to in this agreement;

(c) our acting in connection with this agreement in good faith on Electronic Communications purporting to be given by you in accordance with clause 25;

(d) any prepayment or repayment of Principal on an Investment Loan other than in accordance with clause 4, any prepayment or repayment of Principal on an Interest Loan other than in accordance with clause 6.1 or any prepayment or repayment of interest on an Interest Loan on any day other than an Interest Loan Interest Payment Date including, without limitation, any loss or expense incurred in respect of:

  (i) our obtaining an appropriate form of risk management (or instrument of similar effect) with respect to this agreement or the funding of the Loans;

  (ii) our exercise or non-exercise of, or our prevention or inability to, exercise any rights under any risk management agreement;

(iii) the liquidation or redeployment of funds acquired from third parties to make or maintain the Loans; and

(iv) the termination or reversal of any arrangements (including without limitation any fixed rate contracts) entered into in connection with the funding of the Loans.

(e) if you are a Superannuation Trustee, our agreement to reimburse the Security Trustee under clause 15.1. of the Security Trust Deed.

23.2. Official Directives

If we reasonably determine that any Official Directive, directly or indirectly:

(a) increases or is likely to increase the cost to us of providing, funding, maintaining or enforcing any Loan; or

(b) reduces or is likely to reduce any amount received or receivable by us, or our effective return, in connection with any Loan; or

(c) reduces or is likely to reduce our return on capital allocated to any Loan or our overall return on capital,

then provided we notify you of such Official Directive by no later than 30 days before the next Investment Loan Interest Payment Date you shall be obliged to pay to us within 5 Business Days of demand the amounts that are reasonably necessary to compensate us for any increase or reduction described in paragraphs (a) to (c) suffered by us in respect of any Loan in the period following that next Investment Loan Interest Payment Date.

23.3. Our liability

Subject to the remainder of this clause, we are not responsible for any losses of any kind whatsoever which you may suffer as a result of:

(a) the proper exercise or attempted exercise of any of our rights, powers or remedies under this agreement;

(b) any failure by us to exercise any of our rights, powers or remedies under this agreement; or

(c) any action, delay or failure to act by the Responsible Entity of the Flexi 100 Trust.

23.4. Release

You release us from all actions, suits, claims, demands and losses in connection with the Flexi 100 PDS.

24. Taxation

If you are required to deduct any tax from any payment due to us by you in connection with this agreement, then:

(a) you must pay that amount to the appropriate authority and promptly provide us with evidence of payment; and

(b) you must pay to us an additional amount which we determine to be necessary to ensure that we receive when due a net amount (after payment of such tax) equal to the full amount we would have received had the deduction of tax not been made.

25. Notices

25.1. Sending notices

All notices and other communications required under this agreement to be in writing must be given by the relevant party and must be sent to the recipient by hand, prepaid post (airmail if outside Australia) or Electronic Communication. All notices and other communications are to be sent to the addresses of the respective parties as set out in the Application Form or as a party may notify to the other party in writing.

A notice or other communication is deemed to be duly received:

(a) if sent by hand, when left at the address of the recipient;

(b) if sent by prepaid post, five days after the date of posting; or

(c) if sent by Electronic Communication, either:

(i) upon receipt by the sender of an acknowledgement or transmission report generated by the device from which the Electronic Communication was sent indicating that the Electronic Communication was sent in its entirety to the recipient; or

(ii) four hours after the time sent (as recorded on the device from which the sender sent the Electronic Communication) unless the sender receives an automated message that the Electronic Communication has not been delivered,

whichever happens first.

A communication sent by Electronic Communication must state the first and last name of the sender and the Electronic Communication is taken to be signed by the named sender.

Where you are a joint party, you irrevocably authorise and direct Macquarie to act on instructions or accept notices from any joint party and we may assume without further enquiry that each joint party has authorised and agreed to such instruction or notice.

25.2. Posting notices on our website

We may also give a communication to you by making it available at our website for your retrieval by Electronic Communication, on condition that we notify you by Electronic Communication that the communication is available for your retrieval. A communication we make available for your retrieval is deemed to be duly received when the Electronic Communication we send you to notify you of the availability of the communication for retrieval is deemed to be received under clause 25.1(c).

26. Assignment

You may not assign or otherwise transfer the benefit of this agreement or any of your rights, remedies, powers, duties or obligations under this agreement without our prior written consent.

We may assign, transfer and otherwise grant participations or subparticipations in all or any part of the benefit of this agreement and any of our rights, remedies, powers, duties and obligations under this agreement without your consent.

Without limiting the previous provisions of this clause 26 we may assign our rights and novate our obligations under this agreement, or any part of this agreement, to any trustee or manager of a securitisation programme without your consent.

We may disclose to a potential assignee, transferee, participant or subparticipant such information about you and this agreement as may reasonably be required.

27. Miscellaneous

27.1. Attorneys

You irrevocably appoint us and each executive director, division director and associate director of Macquarie Bank Limited, severally, as your attorney to sign any document (either in your name, ours or the attorneys) and do all acts and things that you are obliged to do under this agreement but have failed to do within such reasonable period as we may require upon notice to you or which, in our reasonable opinion, are necessary or desirable in connection with the Mortgaged Property or the protection or exercise of our rights, powers and remedies under this agreement or the Security Trust Deed (if you are a Superannuation Trustee), including anything that is necessary or desirable to:

(a) if you are a Superannuation Trustee, ensure that any Mortgaged Property is held by the Security Trustee as your trustee in accordance with this agreement;

(b) ensure that the Mortgage is as effective and enforceable as possible, including, registering any charges with the relevant government body;

(c) to transfer any Mortgaged Property to us (or, if you are a Superannuation Trustee, the Security Trustee), to a purchaser or to any other person nominated by us or to otherwise convey the Mortgaged Property as we determine in accordance with the provisions of this agreement;

(d) to perfect this agreement or, if you are a Superannuation Trustee, the Security Trust Deed and, in each case, any related documents or to make any such documents effective (including stamping and registering any relevant document).

27.2 You consent to disclosure

If you are a Superannuation Trustee, you consent to us disclosing to the Security Trustee the following information:

(a) a copy or summary of this agreement and related material evidencing your obligations to be guaranteed; and

(b) a copy of any formal demand that may be sent from time to time by us to you.

27.3. Our exercise of rights

Our failure or delay in exercising any right under this agreement does not operate as a waiver of any right and the exercise of a single right or partial exercise of any right by us under this agreement does not prevent us from exercising any other right. Our rights under this agreement are cumulative and are not exclusive of any other rights provided by law.

A waiver by us is effective only if it is in writing signed by one or more of our officers.

27.4. Severability

Any provision of this agreement which is or becomes prohibited or unenforceable in any jurisdiction is severed from this agreement only in respect of that jurisdiction.

27.5. Continuing obligations

The provisions of clauses 23.1 and 23.2 are continuing obligations, separate and independent from other obligations and survive the termination of this agreement.

27.6. Our discretion

(a) Except where this agreement expressly provides otherwise, any consent requested of, or determination by, us may be:

  (i) given or withheld by us in our absolute discretion; and

  (ii) given unconditionally or subject to such conditions as we may reasonably determine.

(b) Unless specified otherwise in this agreement, any decision or exercise of our discretion under or in connection with this agreement, may be made or exercised in our absolute discretion.

27.7. Delay by us

If performance by us of any of our obligations under this agreement or related arrangements is prevented or delayed in whole or in part due to any circumstance which we are unable to control, this agreement nevertheless continues and remains in full force and effect but we are not in default under this agreement or otherwise liable for any loss, cost, expense or damage suffered by you for that reason only and we are entitled to a reasonable extension of time to complete performance of our affected obligations.

27.8. We are not responsible

Without limiting the terms of clause 23 we are not responsible for any Cost incurred or otherwise payable by you as a result of our acting in accordance with any request or direction from you.

27.9. Governing law

This agreement and the Loans are governed by and construed in accordance with the laws in force in New South Wales. The parties irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales.

27.10. Time of the essence

Time is of the essence in respect of each and all of your obligations under this agreement.

28. Privacy

You consent to us giving, from time to time, to:

(a) any of our related entities;

(b) if you are a Superannuation Trustee, the Security Trustee;

(c) any issuer of the Relevant Units;

(d) any person named as a 'Borrower' in an Application Form; or

(e) a person authorised by you and notified to us in writing, as your representative for the purposes of this agreement,

any information in our possession about you, the Relevant Units, a Loan and this agreement that they may request from time to time. This information may be given in electronic, paper or spoken form.

29. Goods and Services Tax ('GST')

(a) All payments to be made by you in connection with this agreement have been calculated without regard to GST. To the extent that any supply made in connection with this agreement is a taxable supply, the recipient must pay, in addition to the consideration provided under this agreement for that supply (unless it expressly includes GST), an amount ('additional amount') equal to the amount of the consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply.

(b) Terms used in this clause which are defined in the GST Act have the same meaning in this clause.

(c) If either party is entitled under this agreement to be reimbursed or indemnified by the other party for a cost or expense incurred in connection with this agreement, the reimbursement or indemnity payment must not include any GST component of the cost or expense for which an input tax credit may be claimed by the party being reimbursed or indemnified, or by its representative member.

30. Definitions and Interpretation

30.1. Definitions

In this agreement, unless the context otherwise requires:

Application Form means, in respect of a Loan, the application form you complete, and which is received by us from you, for investment in the Flexi 100 Trust and requesting a Loan accompanying the Flexi 100 PDS.

Benchmark Rate means, at any time, the benchmark rate applicable for the purposes of Division 247 of the Tax Act.

Business Day means a day on which banks are open for business in Sydney.

Cash Collateral has the meaning given in the Flexi 100 PDS.

Cash Market Rate (11.00am call) means the interest rate paid by short term market dealers on unsecured overnight loans (previously known as the unofficial 11.00am call rate).

Class has the meaning given in the Flexi 100 PDS.

Collateral Agreement has the meaning given in the Flexi 100 PDS.

Collateral Counterparty means the collateral counterparty under the Collateral Agreement.

Collateral Security means the deed under which the Responsible Entity grants a first-ranking fixed charge over the Cash Collateral in favour of us, as security for the performance of certain obligations of the holders of Units.

Confirmations means the confirmations issued by us to you from time to time, including the Initial Confirmation, which sets out, amongst other matters, the details of the Investment Loan or an Interest Loan (if applicable).

Corporation has the meaning given in the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Costs includes any costs, expense, loss, liability, claim, damage, payment or charge, including those incurred in connection with the appointment of advisers.

Default Rate means either the prevailing Investment Loan Interest Rate or the Cash Market Rate (11.00am call), whichever is greater, plus 4%pa, calculated daily.

Dispose means transfer, sell or redeem and Disposal has the corresponding meaning.

Distribution means a distribution, dividend, or payment of interest in relation to a Unit or, if you are a Superannuation Trustee, has the meaning given in the Security Trust Deed.

Drawdown Date means each date on which the Principal under any Loan is drawn down.

Electronic Communication means a communication of information in the form of data, text or images by means of guided or unguided electromagnetic energy, or both. Electronic Communications include emails.

Event of Default means any event specified as such in clause 19.

Flexi 100 Trust means the Macquarie Flexi 100 Trust ARSN 129 962 189

Flexi 100 PDS means the product disclosure statement for investment in the Flexi 100 Trust dated on or around 13 September 2010 as amended from time to time.

GST means the goods and services tax levied under the GST Act.

GST Act means A New Tax System (Goods and Services Tax) Act 1999.

Initial Confirmation means, in respect of a Loan, our acceptance of your application delivered by us to you in response to the Application Form which sets out, among other matters, your identity, the Investment Loan Amount and, if relevant, the Interest Loan, the Investment Loan Interest Rate and, if relevant, the Interest Loan Interest Rate.

Initial Investment Loan Interest Amount means the interest payable on in respect of the first Investment Loan Interest Period.

Interest Loan means each loan advanced by us for an Investment Loan Interest Period and on an Investment Loan Interest Payment Date, to pay the interest due on the Investment Loan on that Investment Loan Interest Payment Date under clause 1.3.

Interest Loan Interest Payment Date means in respect of an Interest Loan, each date set out in the Confirmation for that Interest Loan for the payment of interest under the Interest Loan, or if not stated the last Business Day of each month during an Investment Loan Interest Period.

Interest Loan Interest Period the period from (and including) one Interest Loan Interest Payment Date to (but excluding) the next Interest Loan Interest Payment Date, except that the first Interest Loan Interest Period commences on the relevant Investment Loan Interest Payment Date.

Interest Loan Interest Rate means, with respect to an Interest Loan, the interest rate described as the Interest Loan Interest Rate in the Confirmation relating to such Interest Loan.

Interest Loan Repayment Dates means, with respect to an Interest Loan, the dates specified as such in the Confirmation that relates to that Interest Loan or, if not stated in the Confirmation, each Interest Loan Interest Payment Date.

Interest Rate means the Investment Loan Interest Rate or the Interest Loan Interest Rate.

Investment Linked Swap Arrangement means the Investment Linked Swap Arrangement as defined in the Flexi 100 PDS with respect to the Relevant Units and, for the avoidance of doubt, includes the Collateral Agreement and the Swap Agreement in relation to the Relevant Units.

Investment Loan means an amount advanced by us to purchase Relevant Units under clause 1.2.

Investment Loan Amount means the amount stated in the Initial Confirmation.

Investment Loan Drawdown Date means the date of issue of the Relevant Units.

Investment Loan Interest Payment Date means the Investment Loan Drawdown Date and each anniversary of the Investment Loan Drawdown Date thereafter that falls prior to the Maturity Date.

Investment Loan Interest Period the period from (and including) one Investment Loan Interest Payment Date to the earlier of (but excluding):

(a) the next Investment Loan Interest Payment Date; and

(b) the Maturity Date.

Investment Loan Interest Rate means the interest rate described as the Investment Loan Interest Rate in the Initial Confirmation or, in respect of an Investment Loan Interest Period other than the first Investment Loan Interest Period, as described in a Confirmation or otherwise notified by us.

Issuer, in respect of the Relevant Units, means Macquarie Financial Products Management Limited ('MFPML'), ABN 38 095 135 694.

Liquidation includes receivership or other appointment of a controller, deregistration, compromise, deed of arrangement, amalgamation, administration, reconstruction, winding up, dissolution, assignment for the benefit of creditors, arrangement or compromise with creditors, bankruptcy, death or anything analogous or having a substantially similar effect to any of these events happens.

Loan means the Investment Loan or any Interest Loan (as relevant).

Loan Limit means in respect of an Investment Loan or an Interest Loan, the loan limit amount notified to you in the Initial Confirmation for the Loan.

MAC means the unique code we issue to a User known as a 'Macquarie Access Code'.

Macquarie means Macquarie Bank Limited (ABN 46 008 583 542) or any other Macquarie Group company as determined by the Issuer.

Macquarie Group means Macquarie Group Limited (ABN 94 122 169 279) and its Related Bodies Corporate (as defined in the Corporations Act).

Material Adverse Change means a change which has a material adverse effect on either your assets, revenue or financial condition, or your ability to perform your obligations under this agreement.

Maturity Date means, the date stated as the Maturity Date for the Investment Loan in the Initial Confirmation.

Minimum Loan Amount means the Minimum Investment Amount specified in the Flexi 100 PDS.

Minimum Period has the meaning given in clause 9 of this agreement.

Mortgage the mortgage in favour of us created under clause 22 of this agreement or, if you are a Superannuation Trustee, means the mortgage in favour of us granted by the Security Trustee under the Security Trust Deed.

Mortgaged Property means:

(a) the Relevant Units;

(b) all other property in exchange or substitution for that or any other Mortgaged Property;

(c) all rights and property attaching to or derived from that or any other Mortgaged Property;

(d) all proceeds of Mortgaged Property (including Distributions and proceeds of Disposal or exercise of rights); and

(e) any other asset you and we agree from time to time to be Relevant Units for the purposes of this agreement,

or, if you are a Superannuation Trustee, the Trust Property in relation to you (as defined in the Security Trust Deed).

Offer has the meaning given in the Flexi 100 PDS.

Official Directive means any new or amended law (including, without limitation, any law which imposes a tax on goods and services), order, official policy, directive or request of any governmental agency, or any change in any interpretation or administration of any law, order, official policy, directive or request of any governmental agency.

Outstanding Money means, in respect of a Loan, its Principal plus any accrued but unpaid interest on it.

Principal means the total of all amounts drawn down under a Loan.

Put Option means each Put Option granted by us to you under clause 5.

Put Option Exercise Date means:

(a) each date set out in the Initial Confirmation; or

(b) if not stated in the Initial Confirmation, the last Business Day of each Put Option Period.

Put Option Period means:

(a) the period from the Investment Loan Drawdown Date to the first Walk-Away Date specified for a particular Offer; and

(b) each subsequent period commencing immediately after the last day of the preceding period and ending on the next Walk-Away Dates specified for that particular Offer.

on the Walk-Away Dates specified for that particular Offer.

Put Option Premium means the amount payable by you to us in consideration for the grant of each Put Option being, in respect of a Put Option Period, the amount by which:

(a) the Investment Loan Interest Rate multiplied by the then Principal on the Investment Loan, plus the Interest Loan Interest Rate multiplied by the then Principal on the Interest Loan (if applicable), exceeds

(b) the sum of the then Principal on the Investment Loan and the then Principal on the Interest Loan (if applicable) multiplied by the Benchmark Rate.

The excess is then multiplied by the number of days in that Put Option Period and divided by 365.

Put Property means:

(a) the Relevant Units or portion of the Relevant Units as nominated by you in a Withdrawal Form; and

(b) all the rights which you have in connection with the Relevant Units or portion of the Relevant Units (as applicable) and the Security Trust (including rights under or in respect of the Mortgaged Property).

Receiver has the meaning given in clause 22.9 of this agreement.

Related Body Corporate has the same meaning as in the Corporations Act.

Relevant Units means the Units acquired by you where the purchase price is wholly funded using the Investment Loan Amount and any rights attaching to the holder of the Units whether such rights relate to obligations of the Issuer or another person or, if you are a Superannuation Trustee, the Units acquired by the Security Trustee as registered owner on trust for you where the purchase price is wholly funded using the Investment Loan Amount.

Responsible Entity means the responsible entity of the Flexi 100 Trust, being the Issuer.

Sale Price in respect of a Put Option, means the greater of:

(a) the Outstanding Money or the portion of the Outstanding Money corresponding to the Relevant Units nominated by you in a Withdrawal Form (as applicable) in respect of each Investment Loan on the relevant Put Option Exercise Date; and

(b) an amount equal to the value of the Relevant Units or portion of the Relevant Units (as applicable) had the Relevant Units or portion of the Relevant Units (as applicable) been redeemed on that Put Option Exercise Date.

Secured Moneys means all moneys the payment or repayment of which from time to time form part of the Secured Obligations.

Secured Obligations means all of your liabilities and obligations under or by reason of this agreement and, if you are a Superannuation Trustee, the Security Trust Deed and includes any liabilities or obligations which:

(a) are liquidated or unliquidated;

(b) are present, prospective or contingent;

(c) relate to the payment of money or the performance or omission of any act;

(d) sound in damages only; or

(e) accrue as a result of any Event of Default,

and irrespective of:

(f) whether you are liable or obligated individually, jointly or jointly and individually with another person;

(g) the circumstances in which we come to be owed each liability or obligation and in which each liability or obligation comes to be secured by the Mortgage, including any assignment of any liability or obligation or of this agreement or, if you are a Superannuation Trustee, the Security Trust Deed; or

(h) the capacity in which you and we come to owe or to be owed that liability or obligation.

Security Interest includes any mortgage, bill of sale, pledge, deposit, lien, encumbrance, hypothecation,

arrangement for the retention of title and any other right, interest, power or arrangement of any nature whatsoever having the purpose or effect of providing security for, or otherwise protecting against default in respect of, the obligations of any person (other than the Security Trustee, if you are a Superannuation Trustee).

Security Trust means the trust declared in your favour, if you are a Superannuation Trustee, by the Security Trustee over, among other things, the Relevant Units purchased with the proceeds of the Investment Loan.

Security Trust Deed means the deed between us and the Security Trustee in relation to the Relevant Units (if you are a Superannuation Trustee).

Security Trustee means Bond Street Custodians Limited (ABN 57 008 607 065) or its replacement in its capacity as trustee under the Security Trust Deed.

SIS Law means the Superannuation Industry (Supervision) Act 1993 (Cth) and Superannuation Industry (Supervision) Regulations 1994 (Cth).

Superannuation Trustee means the trustee of a trust that is a regulated Superannuation Fund (as defined in the SIS Law).

Swap Agreement has the meaning given in the Flexi 100 PDS.

Tax Act means the Income Tax Assessment Act 1997 and the Income Tax Assessment Act 1936.

Units means units in the Flexi 100 Trust issued under the Flexi 100 PDS.

User means the borrower under this agreement and in the case of joint borrowers, each of those joint borrowers.

You means the person or persons named in the Application Form as 'Borrower'. If there are more than one, you means each of them separately and every two or more of them jointly. You includes your successors and assigns.

Walk-Away Date has the meaning given in the Flexi 100 PDS.

We means Macquarie and our and us have corresponding meanings.

Withdrawal Form means, in respect of an Investment Loan and a Put Option Exercise Date, the form, to be made available on the website of the Flexi 100 Trust at macquarie.com.au/flexi, that you submit to us and the Issuer notifying us that you wish to exercise a Put Option in respect of all or part of the Relevant Units on a Put Option Exercise Date.

30.2 Interpretation

In this agreement, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) references to a person include any type of entity or body of persons whether or not it is incorporated or has a separate legal entity;

(c) references to an agreement or document (including, without limitation, a reference to this agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this agreement or that other agreement or document;

(d) references to any party to this agreement include references to its respective successors and permitted assigns;

(e) a reference to a group of persons is a reference to any two or more of them jointly and to each of them individually; and

(f) a reference to any thing (including an amount) is a reference to the whole and each part of it.

5.2. LOAN AND SECURITY AGREEMENT

The Loan and Security Agreement is to be entered into by those investors who choose to take out a Full Recourse Investment Loan.

A feature of your investment is the ability to 'Walk-Away'. This means that you may choose to walk away from your Full Recourse Investment Loan without paying any further amounts to the Loan Provider or applicable break costs. However, in some circumstances there will be further amounts you will be obliged to pay if you Walk-Away.

These circumstances include:

1. if you have an Interest Loan, you will have to repay all outstanding amounts on the Interest Loan plus any applicable break costs; and
2. if the Collateral Counterparty does not fulfil its obligations under the Collateral Agreement, you will need to use your own funds to cover any shortfall owing under the Full Recourse Investment Loan if the aggregate value of your Units and your interest in the Cash Collateral is not enough to repay any amount outstanding on your Investment Loan, including applicable break costs.

BETWEEN YOU AND US

1. Loan and Security Agreement

1.1. Applications for Loans

You may apply for:

(a) an Investment Loan; or

(b) an Investment Loan and an Interest Loan,

at any time by completing an Application Form.

By completing and submitting the Application Form, you offer to borrow the aggregate of:

(i) an amount up to the amount stated on the Application Form as being the Investment Loan Amount, and

(ii) if an Interest Loan is applied for by you, for the initial Interest Loan, the amount calculated by us as being the Initial Investment Loan Interest Amount and for each subsequent Interest Loan, the amount calculated by us as being the interest then payable on the Investment Loan,

each on the terms set out in this agreement and the Application Form.

If we accept your offer, we will send you an Initial Confirmation and provide the Investment Loan Amount and the Initial Investment Loan Interest Amount (if applicable) in accordance with clauses 1.2 and 1.3 below.

If you apply for more than one Unit Class and/or if you complete more than one Application Form, you will be deemed to have applied for separate Loans and each such Loan provided to you by us will be governed by the terms set out in this agreement as if this agreement was a separate agreement with respect to each Loan.

You agree that any offer to borrow under any Loan made by you in accordance with an Application Form is irrevocable and may not be amended by you without our prior consent.

1.2. Investment Loan Purpose and Drawdown

If we accept your offer to borrow the Investment Loan Amount, we will provide the Investment Loan Amount in a single drawing on the Investment Loan Drawdown Date.

The Investment Loan Amount will be the amount specified as such in the Initial Confirmation.

The Investment Loan must be used only to fund the acquisition by you of the Relevant Units specified in the Initial Confirmation and you hereby irrevocably authorise and direct us to pay the Investment Loan Amount to the Issuer towards that payment.

1.3. Interest Loan Purpose and Drawdown

If we accept your offer to borrow the Initial Investment Loan Interest Amount we will provide the Initial Investment Loan Interest Amount in a single drawing on the Investment Loan Drawdown Date.

Each Interest Loan must be used only to fund the interest payable on the Investment Loan on the Investment Loan Interest Payment Date specified in the Confirmation relating to that Interest Loan and you hereby irrevocably authorise and direct us to apply the proceeds of each Interest Loan towards that payment.

After you draw the Initial Investment Loan Interest Amount for the first Investment Loan Interest Period, we will provide you with an Interest Loan for each subsequent Investment Loan Interest Period on each Investment Loan Interest Payment Date until and including the final Investment Loan Interest Payment Date unless:

(a) any of the conditions precedent in clause 2.1 have not been satisfied or waived on that Investment Loan Interest Payment Date;

(b) you notify us no later than 15 Business Days prior to the Investment Loan Interest Payment Date that you do not wish to draw an Interest Loan for an Investment Loan Interest Period;

(c) you have submitted a Withdrawal Form in relation to the Relevant Units; or

(d) we notify you before the final Investment Loan Interest Period that we will not provide you with an Interest Loan because the final Investment Loan Interest Period is less than a full year.

We will send to you a Confirmation with respect to each Interest Loan.

The amount of each subsequent Interest Loan will be the amount of interest payable by you on the Investment Loan that relates to the relevant Investment Loan Interest Period, as set out in the Confirmation relating to that Interest Loan.

2. Conditions precedent

2.1. Conditions precedent

We need not provide any Loan unless:

(a) the Application Form submitted in respect of the Loan has been completed in full in a form capable of acceptance and the direct debit request in that Application Form has been effected in respect of an account of a bank or financial institution acceptable to us;

(b) we are satisfied that, after providing it, the Loan Limit would not be exceeded;

(c) if you are a trustee of a trust, we have received, a certificate from your solicitor in the form set out in the Application Form where required in the Application Form;

(d) if you are a Corporation, including a corporate trustee, we have received the duly signed and completed 'Director's Certificate' where required in the Application Form;

(e) in the case of the Investment Loan, you have paid all interest that is payable on the Investment Loan on the Investment Loan Drawdown Date or you have applied and we have accepted your application for an Interest Loan with respect to such interest;

(f) we are reasonably satisfied that the representations and warranties in clause 13 are correct and not misleading on the date the Loan is to be provided (the fact that we reach this conclusion is not to be taken as conclusive if in fact the representations or warranties are misleading or deceptive);

(g) the Responsible Entity has granted the Collateral Security in form and substance satisfactory to us;

(h) we are reasonably satisfied that no Event of Default or potential Event of Default has occurred or is continuing or would result from the Loan being provided; and

(i) we have received such other documents, information or opinions relating to you as we may reasonably require in order to:

  (i) ensure compliance with any anti-money laundering – counter-terrorist financing laws or other applicable laws;

  (ii) determine whether you have the authority to enter into the Loan upon the terms set out in this agreement; or

  (iii) determine whether any other condition precedent has been satisfied.

2.2. Benefit of conditions precedent

Each condition precedent is for our sole benefit and may be waived by us.

3. Interest

3.1. Interest

You agree to pay interest on any Loan at the Interest Rate applicable to it in accordance with this agreement and the Initial Confirmation.

3.2. Investment Loan Interest Payments

You must pay all interest on the Investment Loan annually in advance on each Investment Loan Interest Payment Date. Interest on the Investment Loan is calculated daily at the Investment Loan Interest Rate for each day of the Investment Loan Interest Period. If an Investment Loan Interest Payment Date is not a Business Day, clause 11.3 will apply.

3.3. Interest Loan Interest Payments

You must pay interest on each Interest Loan monthly in arrears on each Interest Loan Interest Payment Date. Interest on each Interest Loan is calculated and accrues daily at the prevailing Interest Loan Interest Rate for each day during the period from (and including) one Interest Loan Interest Payment Date to (but excluding) the next Interest Loan Interest Payment Date. For the purpose of calculating interest only, the date the Principal under any Interest Loan is drawn down is an Interest Loan Interest Payment Date. If an Interest Loan Interest Payment Date is not a Business Day, clause 11.3 will apply.

3.4. Default Interest Payments

If you do not pay any amount under this agreement on the due date for payment (including where funds in your nominated bank account are insufficient to pay any amount when due), you must pay interest on that amount at the Default Rate.

Interest charged at the Default Rate accrues daily from (and including) the due date to (but excluding) the date of actual payment, and is calculated on actual days elapsed.

If a liability becomes merged in a judgment, you agree to pay interest on the amount of that liability as an independent obligation. This interest:

(a) accrues daily from (and including) the date the liability becomes due for payment both before and after the judgment up to (but excluding) the date the liability is paid; and

(b) is calculated at the judgment rate or the Default Rate (whichever is higher).

You agree to pay interest under this clause on demand from us.

3.5. Calculations on a daily basis

All interest, amounts in the nature of interest and fees under this agreement are calculated on a daily basis and a year of 365 days.

3.6. Payment of interest

All interest payments must be made via direct debit from your nominated account.

3.7. No refund of prepaid interest

You will not be entitled to any refund or rebate of any interest you have prepaid on the Investment Loan, other than as a result of exercising any cooling off rights you may have in relation to the Relevant Units or in the event that the Swap Agreement in respect of the Relevant Units is not entered into.

4. Repayment of the Investment Loan

4.1. Repayment of the Investment Loan

You must repay us the Outstanding Money under the Investment Loan in one amount:

(a) if all of the Relevant Units applicable to the Investment Loan are redeemed pursuant to clause 8, on the later of:

  (i) the date on which the proceeds from such redemption become available to you; and

  (ii) the Maturity Date;

(b) if you advise us under clause 8 that you wish to retain all or some of the Relevant Units, 10 Business Days prior to the Maturity Date; or

(c) if the Investment Linked Swap Arrangement, or any part of the Investment Linked Swap Arrangement, is terminated and a replacement Investment Linked Swap Arrangement (or similar) is not put in place, on the date of such termination; or

(d) if in relation to the Unit Class which the Relevant Units form a part, that Unit Class is redeemed as a result of the Calculation Agent (as defined in the Flexi 100 PDS) not calculating the return of the relevant reference index and a replacement entity is not appointed; or

(e) If the Relevant Units are otherwise redeemed at the election of the Responsible Entity

4.2. Prepayment after Disposal of Relevant Units

(a) If you dispose of any or all of the Relevant Units before the Maturity Date, you must prepay the Outstanding Money or the portion of the Outstanding Money corresponding to the Relevant Units specified in the relevant Withdrawal Form (as applicable) under the Investment Loan in one amount on the date of disposal or, for redemptions, on the date the proceeds of redemption have been received by us.

(b) You may only prepay the Investment Loan in respect of a portion of the Relevant Units if:

  (i) the portion of Outstanding Money required to be repaid that relates to the Relevant Units is greater than or equal to $10,000 and only $1,000 increments above that amount; and

  (ii) following any prepayment of the Investment Loan, the Principal under the relevant Investment Loan would not be less than the Minimum Loan Amount.

4.3. Process for prepayment

If you intend to prepay all or any part of the Outstanding Money under clause 4.2 and, if relevant, clause 5.2 you must notify us of the proposed prepayment by the 15th day of the calendar month preceding the prepayment date.

You acknowledge that once given, a notice of prepayment is irrevocable and you are obliged to prepay in accordance with the notice.

4.4. Release of Mortgaged Property

If you make a repayment or prepayment in accordance with this clause 4 we will release the Mortgage over the Mortgaged Property or the relevant portion of Mortgaged Property (as applicable).

5. Repayment of the Interest Loan

5.1. Repayment of Interest Loan

You must repay an Interest Loan in twelve equal instalments. Each instalment must be paid on the Interest Loan Repayment Dates and all Outstanding Money under an Interest Loan must be paid on the date specified in the Confirmation relating to that Interest Loan as the 'Interest Loan Final Payment Date'.

5.2. Repayment after prepayment of the Investment Loan

If you repay the Investment Loan pursuant to clause 4.1 or prepay the Investment Loan pursuant to clause 4.2 whether in whole or in part, you must repay all of the Outstanding Money under all Interest Loans, in one amount on the day the Investment Loan is repayable pursuant to clause 4.1 or 4.2 (as applicable).

6. Application of funds and reborrowing

6.1. Application of funds after redemption

(a) If any of the Relevant Units are redeemed, you authorise us to apply the proceeds from the redemption in accordance with clause 11.10 and to pay any remaining amount of proceeds to you as you direct.

(b) If the proceeds of the redemption are insufficient to pay all the amounts specified in clause 11.10, you must pay us the additional amount necessary to pay them.

6.2. Amounts may not be reborrowed

Amounts repaid or prepaid may not be reborrowed under this agreement.

7. Your obligations

Your obligations under this agreement, including your obligations to repay the Outstanding Money and pay Costs are not affected by:

(a) the success or failure of the Relevant Units or the Flexi 100 Trust;

(b) the level of return from or loss of money invested in the Relevant Units or the Flexi 100 Trust; or

(c) any illegality in connection with the Relevant Units or the Flexi 100 PDS.

8. Maturity Date redemption request

(a) Subject to clauses 8(b) and 8(c), you authorise us to complete and deliver a redemption request to the Issuer within the minimum number of days required under the constituent documents of the Flexi 100 Trust to affect redemption on the Maturity Date (**'Minimum Period'**).

(b) You may, by the earlier of the beginning of the Minimum Period and 45 days before the Maturity Date, request that:

(i) you retain all of the Relevant Units beyond the Maturity Date; or

(ii) you redeem only a portion of the Relevant Units on the Maturity Date, in which case you will be obliged to make the relevant payments under clause 4.1 and clause 5.2.

(c) If you make payment in accordance with clause 8(b), we agree to cause those Relevant Units which you have elected to retain under clause 8(b) not to be redeemed.

9. Change of law or circumstances

If there occurs any change in law or interpretation which makes it unlawful for us to make, fund or maintain any Loan or for you to borrow or grant any security under any Loan we may notify you or you may notify us (as applicable) and thereupon our obligation to make, fund or maintain such Loan ceases. You agree to immediately (or before the unlawfulness occurs, if it has not yet occurred) repay all Outstanding Money under each Loan in full together with any other money then accrued or due in respect of each of those Loans (whether or not yet payable) under this agreement.

10. Fees and expenses

10.1 General fees and expenses

Within 5 Business Days of demand (whether or not any Loan is drawn):

a) you agree to pay or reimburse us for all stamp duty, any tax on goods and services, value added tax and registration fees (if any) incurred or payable by us in connection with or arising out of this agreement and related documentation.

b) you also agree to pay or reimburse us for all Costs incurred or payable by us in connection with any action required to be taken by us under this agreement and the contemplated or actual enforcement of, or preservation of rights under, this agreement.

The costs set out in this clause form part of the Secured Moneys.

10.2. Specific fees and expenses

Where required by us, you agree to pay the following fees:

(a) an establishment fee in respect of the Investment Loan in an amount specified in the PDS and payable:

(i) if you drawdown on an Interest Loan, in 12 equal instalments on the first 12 Interest Loan Interest Payment Dates; or

(ii) if you do not drawdown on an Interest Loan, in full on the Investment Loan Drawdown Date;

(b) a fee for extra copies of statements and reports (currently $10 per page), payable upon request of such copies by you;

(c) a retrieval of information fee (currently $50 plus $10 per page), payable where you or your adviser or authorised representative request us to retrieve, collate, sort or provide archived or historical information about a Loan;

(d) a direct debit dishonour fee (currently $50) where a direct debit under this agreement is dishonoured;

(e) a fee equal to the fees payable for entering the Mortgage on any required register (currently $175 if you are a company or corporate trustee) on the Investment Loan Drawdown Date; and

(f) a fee equal to the fees payable for entering the release or partial release of the Mortgage on any required register (currently $65 if you are a company or corporate trustee) payable when the notice of release is lodged by us.

Except where otherwise provided, the fees set out in this clause are payable within 5 Business days of demand and form part of the Secured Moneys. We may with effect from any Investment Loan Interest Payment Date impose new fees and charges and vary any of these fees or the manner in which they are calculated and we will give you notice of the new or varied fees or charges, at least 30 days before the relevant Investment Loan Interest Payment Date.

11. Payments

11.1 Full Payment

All money payable by you under this agreement must be paid in full without set-off or counterclaim of any kind and free and clear of deduction or withholding of any kind.

11.2 Set off by you

Notwithstanding the preceding paragraph, if at any time:

(a) any money is due and payable by you but unpaid under this agreement;

(b) we are the Collateral Counterparty under the Collateral Agreement and are placed in Liquidation; and

(c) you have a claim (as beneficial owner) against us as Collateral Counterparty in respect of the Cash Collateral or the Collateral Agreement,

then we irrevocably and unconditionally agree that your claim against us will be set off against your obligation to

pay any Outstanding Money payable under this agreement to the extent of the amount of such claim.

11.3 Business Day

If any amount would otherwise become due for payment on a day which is not a Business Day, that amount becomes due on the preceding Business Day.

11.4 Certificate

A certificate signed by us about an amount payable or other matter in connection with this agreement is evidence of the amount or matter, unless the contrary is proved.

11.5 Payments by Direct Debit

Unless we agree otherwise, all payments under this agreement must be effected by way of a direct debit from an account at a bank or financial institution acceptable to us.

11.6 Application of Redemption Proceeds and Distributions.

Without notice to you or any other person, we may apply and set off, against all or part of the Outstanding Money and any other amount owing (whether present or future, actual, contingent or prospective) by you to us under this agreement:

(a) the proceeds from the redemption of the Relevant Units payable under, or in connection with, redemption of the Relevant Units; and

(b) all or part of the Distributions payable under, or in connection with, the Relevant Units.

11.7 Set off of credit balance

Without prior notice to you or any other person, we may set-off and apply any credit balance (or any part of it in such amounts as we may elect) on any account of yours with us (whether or not the account has matured) and any other money owing by us to you, against any Outstanding Money and any other amount owing (whether present or future, actual, contingent or prospective) by you to us under this agreement.

11.8 Set off of credit balance with other member of the Macquarie Group

Without prior notice to you or any other person, we may set-off and apply any credit balance (or any part of it in such amounts as we may elect) on any account of yours with any member of the Macquarie Group (whether or not the account has matured) and any other money owing by any member of the Macquarie Group to you, against any Outstanding Money and any other amount owing (whether present or future, actual, contingent or prospective) by you to us under this agreement.

11.9 Set off and dispute resolution

In the event that any amount which is sought to be set-off by us under clauses 11.7 and 11.8 above is the subject of a bona fide dispute then our right of set-off under those clauses shall be suspended pending the outcome of any dispute resolution process which is undertaken by the relevant parties in respect of that dispute.

11.10 Order of payment

Any payments received by us (whether by set off, upon disposal of your Units or otherwise) shall be applied as follows:

(a) first, to pay all amounts owing under clause 19;

(b) secondly, to pay all outstanding fees and expenses payable under clause 10;

(c) thirdly, any Outstanding Money then owing under any Loan or part thereof;

(d) fourthly, to pay any other Secured Moneys;

(e) fifthly, to pay any other amounts that you agree with us.

11.11 Appropriation of payments

In applying any amount against the Outstanding Money under any Loan, we shall be entitled to appropriate any payment received by us as between interest and principal in such order and in such amounts as we determine in our sole discretion.

12. Use of MACs

If we accept your offer under clause 1, we will issue each User with a MAC if they do not already have one.

If there is more than one User, each User authorises the others to use their MAC to give instructions in connection with this agreement, as if they were the sole User.

For your own security against loss, MACs should be protected. If a User believes that their MAC has been compromised, they must take immediate action to limit their liability.

13. Representations and warranties and acknowledgements

13.1. Representations and warranties

You represent and warrant to us on the date you sign or submit the Application Form and on each Drawdown Date that:

(a) the financial accommodation provided by us under this agreement will be applied wholly or predominantly for business or investment purposes (or both);

(b) if you are not a trustee of a trust, on acquisition of Relevant Units by you, unless we take legal title in accordance with clause 15.2(a)) you will be the legal and beneficial owner of and have good title to, the Relevant Units free from any Security Interest other than the Mortgage;

(c) if you are a trustee of a trust, on acquisition of Relevant Units by you, (unless we take legal title in accordance with clause 15.2(a)) you will be the legal owner (but not the beneficial owner) of and have good title to, the Relevant Units free from any Security Interest other than the Mortgage

(d) on acquisition of Relevant Units by you this agreement creates a first ranking fixed mortgage over the Mortgaged Property in accordance with clause 15.1 being an equitable mortgage (unless we take legal title in accordance with clause 15.2 (a));

(e) you obtain various benefits by entering into, exercising your rights and performing your obligations under this agreement;

(f) you are able to pay your debts as and when they become due and payable;

(g) no Event of Default continues unremedied;

(h) unless stated in the Application Form, you do not enter into this agreement or apply for or consent to a Loan as a trustee of a trust;

(i) where you are a Corporation:

(i) you have been incorporated in accordance with the laws of your place of incorporation, are validly existing under those laws and have power and authority to carry on your business as it is now being conducted;

(ii) you have power to enter into this agreement and comply with your obligations under it;

(iii) this agreement does not contravene your constituent documents (if any) or any law or obligation by which you are bound or to which any of your assets are subject or cause a limitation on your powers or the powers of your directors to be exceeded;

(iv) you have in full force and effect the authorisations necessary for you to enter into this agreement, comply with your obligations and exercise your rights under it and to allow it to be enforced;

(v) no person has contravened or will contravene section 208 or section 209 of the Corporations Act or any other law by entering into this agreement or participating in any transaction in connection with this agreement;

(vi) there is no pending or threatened proceeding affecting you or your Related Bodies Corporate or any of your assets before a court, governmental agency, commission or arbitrator except those in which a decision against you or the Related Body Corporate would not result in a Material Adverse Change;

(vii) neither you nor any of your Related Bodies Corporate is in breach of a law or obligation affecting any of them, you or your assets in a way which may result in a Material Adverse Change; and

(viii) neither you nor any of your Related Bodies Corporate has immunity from the jurisdiction of a court or from legal process; and

(j) where you submit the Application Form in your capacity as trustee of a trust:

(i) you are the sole trustee of the trust, having been properly appointed;

(ii) the trust is properly established under its trust deed and is validly subsisting;

(iii) as trustee, you have the power to enter into this agreement and to borrow money as contemplated under this agreement, perform all of your obligations under this agreement and carry on the business or make the investments contemplated by entering into this agreement;

(iv) you are not in breach of the trust;

(v) you have the right to be fully indemnified out of the trust assets for obligations incurred by you under this agreement before the claims of beneficiaries and this right of indemnity has not been limited in any way;

(vi) no property of the trust has been resettled or set aside in any way; and

(vii) this agreement is for the benefit of the trust.

The representations and warranties made under this paragraph (j) (if applicable) are made by you in your capacity as trustee of the trust and in your personal capacity.

You acknowledge that you have entered into this agreement in reliance on the representations and warranties in this clause.

13.2. Acknowledgement

You acknowledge that we have entered into this agreement in reliance on the representations and warranties in clause 13.1.

14. Undertakings

14.1. Information

You agree to provide to us when we ask all financial or other information relating to you that we may from time to time reasonably request.

14.2.General

Unless we otherwise agree in writing, you undertake:

(a) not to create, agree or attempt to create or allow to exist, any Security Interest over or in respect of any Mortgaged Property;

(b) not to Dispose of or otherwise deal with, or instruct the Issuer to Dispose of or otherwise deal with, any of the Mortgaged Property or any interest in it;

(c) to ensure that you are not in breach and that no event of default occurs under any other agreement that you may have with us or any other financier;

(d) to ensure that no Security Interest granted by you over any of your assets becomes enforceable;

(e) to notify us if any representation or warranty made by you in connection with this agreement is found to have been incorrect or misleading when made;

(f) to do everything necessary to ensure that no Event of Default occurs;

(g) if an Event of Default occurs, to notify us giving full details of the event and any step taken or proposed to be taken to remedy it; and

(h) if you are a trustee of a trust, comply with your duties as trustee and the instrument under which you are appointed.

15. Mortgage

15.1. Creation of Mortgage

You, as beneficial owner (unless you submit the Application Form in your capacity as trustee of a trust, in which case you act as trustee and in accordance with your powers as trustee), mortgage the Mortgaged Property to us by way of a first ranking fixed mortgage as security for the due and punctual payment and satisfaction of the Secured Moneys. You acknowledge that there are no Relevant Units in existence at the time this mortgage is entered into.

15.2. Our rights

Without limiting any rights, powers or remedies conferred upon us by this agreement or by law, you irrevocably authorise us to do any one or more of the following at any time, whether before or after the occurrence of an Event of Default:

(a) if the Mortgage created under clause 15.1 is an equitable mortgage, instruct the Issuer of the Relevant Units to register the Relevant Units in our name as legal mortgagee;

(b) to request the Issuer of any Mortgaged Property to deliver to us documents of title in respect of the Mortgaged Property;

(c) to complete and deliver, in accordance with clause 8, a redemption request in respect of any Mortgaged Property;

(d) to insert our name or our nominee's name (or, but only after an Event of Default has occurred, the name of any purchaser pursuant to a power of sale conferred by law or the power of sale referred to in clause 18) in all or any transfer documents (Transfers) (and other relevant documents, if any) relating to any Mortgaged Property;

(e) to sign any Transfer in your name (and those other relevant documents); and

(f) to cause any Transfer to be registered.

15.3. Continuing security

This Mortgage is a continuing security and remains in full force and effect until the whole of the Secured Moneys has been paid or satisfied in full.

15.4. Partial or full release from Mortgage

If all or any part of the Principal under an Investment Loan is repaid or prepaid under clauses 4.1 or 4.2, we must:

(a) if the Outstanding Money owing under the Investment Loan is partially repaid, release from the Mortgage a proportion of the Relevant Units whose value (when compared to the value of all that Relevant Units) bears the same proportion as the proportion of the Principal under the Investment Loan that is repaid; and

(b) if the Outstanding Money owing under the Investment Loan is fully repaid, release from the Mortgage all of the Relevant Units acquired with the proceeds of the Investment Loan.

However, we need not give any such release if an Event of Default has occurred and is then continuing.

15.5. Priority Amounts

For the purpose only of fixing priorities in accordance with section 282 of the Corporations Act and without affecting any of your obligations to us, the prospective liabilities secured by this agreement include, without limitation, the prospective liabilities of the nature specified below in this clause.

The prospective liabilities of you are the obligation of you to:

(a) repay all of the Principal advanced under this agreement;

(b) pay interest on each Loan and all other amounts payable under this agreement; and

(c) pay or reimburse us for all Costs, increased costs or loss incurred in connection with this agreement.

The maximum amount of the prospective liabilities provided for in this clause is three times the total of all Loan Limits.

15.6. Further assurances

You must do all things reasonably required by us to:

(a) give effect to the intent and purpose of this agreement; and

(b) to ensure that we have the full benefit of the rights and powers contemplated under this agreement.

15.7. Obligations relating to the Mortgaged Property

You agree:

(a) to comply with all obligations affecting the Mortgaged Property and pay on time all amounts for which the holder of the Mortgaged Property is liable including any taxes;

(b) at our request, in our discretion, to take up any rights attaching to the Mortgaged Property;

(c) to promptly provide us, on request, any information which we reasonably request about the Mortgaged Property or anything in relation to it;

(d) not to provide any instructions to the Issuer relating to the Mortgaged Property that are inconsistent with this agreement;

(e) that you hereby irrevocably and unconditionally direct the Issuer to pay Distributions to us, unless we request those Distributions be paid to you and acknowledge that we may apply and set off such Distributions paid to us against any Outstanding Money in relation to any Loan or any other amounts that you agree with us in accordance with clause 11;

(f) that you hereby irrevocably and unconditionally direct the Issuer to pay the proceeds from the Disposal of any Relevant Units to us, unless we request those proceeds be paid to you, and acknowledge that we may apply and set off such proceeds paid to us against any Outstanding Money in relation to any Loan in accordance with clause 11; and

(g) that any payment received by us from the Issuer of any Distribution or redemption proceeds under this clause fully discharges any obligation that the Issuer has to pay the Distribution or the redemption proceeds to you.

16. Anti-money laundering – counter-terrorist financing ('AML-CTF')

16.1. Identification

You agree, promptly on our request:

(a) to supply, or procure the supply of, any documentation and other evidence; and

(b) perform any acts reasonably requested by us

to enable us to comply with any identification procedures or reporting obligations under any AML-CTF laws.

16.2. Action

You acknowledge that, despite anything to the contrary in any document, if:

(a) we reasonably suspect that you are in breach of any law applicable in Australia or elsewhere; or

(b) any applicable law requires us to do so,

then we may instruct the Issuer to transfer the Relevant Units or take any other action we consider appropriate in order to comply with any AML-CTF law any directive by any relevant government authority applicable in Australia or elsewhere.

We may report any transaction or activity, or proposed transaction or activity, in relation to the Loans or the Relevant Units to any reporting body authorised to accept reports under any AML-CTF law applicable in Australia or elsewhere (with or without notice to you) if in our reasonable opinion this is required in order to comply with any AML-CTF law.

17. Events of Default

Each of the following events is an Event of Default:

(a) you fail to pay any money when due in accordance with this agreement;

(b) you fail to duly and punctually perform or comply with any of your obligations under this agreement (other than any payment obligation) and, where capable of remedy, such failure continues for more than 5 Business days after written notice from us;

(c) any representation or warranty made by you in connection with this agreement is found to have been materially incorrect or misleading when made;

(d) where you are a Corporation:

(i) an application is made for an order, a meeting is convened to consider a resolution, a resolution is passed or an order is made that you be wound up, otherwise be dissolved or put into some other form of Liquidation or that an administrator, liquidator or provisional liquidator of you be appointed or any other form of Liquidation entered into by you; or

(ii) a receiver, receiver and manager, administrator, controller, trustee or similar officer is appointed in respect of all or any part of your business, assets or revenues ; or

(iii) you cease to have at least one director or such other minimum number as required by your constitution;

(e) where you are a natural person, you die, become insolvent or are subject to any arrangement, assignment or composition, or are protected from any creditors or otherwise unable to pay your debts as and when they fall due;

(f) any government, governmental agency, department, commission, or other instrumentality seizes, confiscates, or compulsorily acquires (whether permanently or temporarily and whether with payment of compensation or not) any of the Mortgaged Property;

(g) any litigation, administrative proceedings or other procedure for the resolution of disputes is commenced in which your interest in any of the Mortgaged Property will or might be impeached or your enjoyment of, any of the Mortgaged Property will or might be restrained or otherwise hindered;

(h) there occurs an event which is, or in our reasonable opinion may lead to, a Material Adverse Change;

(i) if you submit the Application Form in your capacity as a trustee of a trust:

(i) you cease to be the trustee of the trust or any step is taken to appoint another trustee of the trust, in either case without our consent; or

(ii) an application or order is sought or made in any court for:

(A) your removal as trustee of the trust; or

(B) property of the trust to be brought into court or administered by the court or to be brought under its control; or

(iii) a notice is given or meeting summoned for your removal as trustee of the trust or for the appointment of another person as trustee jointly with you;

(iv) the trust terminates or the capital of the trust vests in any beneficiary of the trust or any other person (other than where it vests solely as a result of a person becoming a beneficiary of the trust);

(v) it is found that the trust has not been properly created; or

(vi) you lose your right of indemnity from the assets of the trust for any reason.

18. Consequences of an Event of Default

18.1. General consequences of an Event of Default

If an Event of Default occurs we may, without being obliged to do so and despite any waiver of any previous Event of Default, and in addition to any other rights or remedies conferred by this agreement or by law:

(a) declare all Outstanding Money and all other sums which are accrued or due under this agreement (whether or not presently payable) to be due and payable, whereupon they are immediately due and payable without further demand, notice or other legal formality of any kind;

(b) do all acts and things and exercise all rights, powers and remedies that you could do or exercise in relation to the Mortgaged Property including, without limitation, the power to:

  (i) take possession and assume control of the Mortgaged Property;

  (ii) receive all money or other distributions (whether monetary or otherwise) made or to be made in respect of the Mortgaged Property;

  (iii) dispose of or otherwise deal with the Mortgaged Property or agree to do the same (whether or not we have taken possession) at the best price reasonably obtainable having regard to circumstances existing at the time of the disposal or dealing and otherwise on such terms as we may reasonably determine;

  (iv) employ solicitors, agents and accountants, on such terms as we reasonably determine;

  (v) carry out and enforce, or refrain from carrying out or enforcing, your rights and obligations which may arise in connection with the Mortgaged Property or obtained or incurred in the exercise of our rights, powers and remedies;

  (vi) institute, conduct, defend, settle, arrange, compromise and submit to arbitration any claims, questions or disputes whatsoever which may arise in connection with the Mortgaged Property or in any way relating to this agreement, and to execute any related releases or other discharges; and

  (vii) sign documents.

Any money which we reasonably incur by reason of doing any of the above forms part of the Secured Moneys.

18.2. Appointment of receiver

Immediately upon or at any time after the occurrence of an Event of Default, we may appoint in writing any person to be a receiver or receiver and manager (the **'Receiver'**) of any Mortgaged Property and:

(a) the Receiver may be appointed by us on such terms as we think fit;

(b) we may remove a Receiver and may appoint another in their place;

(c) we may determine from time to time the remuneration of the Receiver; and

(d) if two or more persons are appointed as Receiver they may be appointed jointly and/or severally and may be appointed in respect of different parts of the Mortgaged Property.

18.3. Status and capacity of Receiver

Unless and until we require, by notice in writing to you and the Receiver, that the Receiver act as our agent, the Receiver is your agent, and you alone are responsible for the acts and defaults of the Receiver, but in exercising any of our powers, the Receiver has both your and our authority.

Subject to any specific limitations placed upon them by the terms of their appointment, the Receiver, in addition to any right, power or remedy conferred upon them by law (including under the Corporations Act), may do any act, matter or thing and exercise any right, power or remedy that may be done or exercised by us in relation to the Mortgaged Property.

18.4. Enforcement

(a) If an Event of Default occurs we may:

  (i) enforce the Mortgage and Dispose of the Mortgaged Property; and/or

  (ii) exercise any other power granted by law to mortgagees,

  and apply the proceeds in repayment of your Loan or Loans (as applicable).

18.5. Failure to pay

If you do not comply with your obligation to pay any amount of money under clause 15.7(a), then we may pay such amounts and that payment will form part of the Secured Moneys.

19. Liabilities and Costs

19.1. Costs

You shall compensate us for all losses, liabilities, damages and Costs which may be suffered or incurred by us arising in connection with:

(a) any Event of Default;

(b) the proper exercise of any right, power or remedy contained or referred to in this agreement;

(c) our acting in connection with this agreement in good faith on Electronic Communications purporting to be given by you in accordance with clause 22; and/or

(d) any prepayment or repayment of Principal on an Investment Loan other than in accordance with clause 4, any prepayment or repayment of Principal on an Interest Loan other than in accordance with clause 5.1 or any prepayment or repayment of interest on an Interest Loan on any day other than an Interest Loan Interest Payment Date including,

without limitation, any loss or expense incurred in respect of:

(i) our obtaining an appropriate form of risk management (or instrument of similar effect) with respect to this agreement or the funding of the Loans;

(ii) our exercise or non-exercise of, or our prevention or inability to, exercise any rights under any risk management agreement;

(iii) the Liquidation or redeployment of funds acquired from third parties to make or maintain the Loans; and

(iv) the termination or reversal of any arrangements (including without limitation any fixed rate contracts) entered into in connection with the funding of the Loans.

19.2. Official directives

If we reasonably determine that any Official Directive, directly or indirectly:

(a) increases or is likely to increase the cost to us of providing, funding, maintaining or enforcing any Loan; or

(b) reduces or is likely to reduce any amount received or receivable by us, or our effective return, in connection with any Loan; or

(c) reduces or is likely to reduce our return on capital allocated to any Loan or our overall return on capital,

then provided we notify you of such Official Directive by no later than 30 days before the next Investment Loan Interest Payment Date you shall be obliged to pay to us within 5 Business Days of demand the amounts that are reasonably necessary to compensate us for any increase or reduction described in paragraphs (a) to (c) suffered by us in respect of any Loan in the period following that next Investment Loan Interest Payment Date.

19.3. Our liability

Subject to the remainder of this clause, we are not responsible for any losses of any kind whatsoever which you may suffer as a result of:

(a) the proper exercise or attempted exercise of any of our rights, powers or remedies under this agreement;

(b) any failure by us to exercise any of our rights, powers or remedies under this agreement; or

(c) any action, delay or failure to act by the Responsible Entity of the Flexi 100 Trust.

19.4. Release

You release us from all actions, suits, claims, demands and losses in connection with the Flexi 100 PDS.

20. Voting rights

Until an Event of Default occurs or Relevant Units are registered in our name, you may exercise the voting rights attached to Relevant Units as you see fit, so long as you do not do so in a manner inconsistent with our interests or inconsistent with this agreement.

If an Event of Default occurs and is subsisting or the Relevant Units are registered in our name, then:

(a) all your rights under this clause 20 immediately cease; and

(b) we are entitled to exercise the rights referred to in this clause, although we are not required to exercise such rights.

21. Taxation

If you are required to deduct any tax from any payment due to us by you in connection with this agreement, then:

(a) you must pay that amount to the appropriate authority and promptly provide us with evidence of payment; and

(b) you must pay to us an additional amount which we determine to be necessary to ensure that we receive when due a net amount (after payment of such tax) equal to the full amount we would have received had the deduction of tax not been made.

22. Notices

22.1. Sending notices

Subject to clause 22.2, all notices and other communications required under this agreement to be in writing must be given by the relevant party and must be sent to the recipient by hand, prepaid post (airmail if outside Australia) or Electronic Communication. All notices and other communications are to be sent to the addresses of the respective parties as set out in the Application Form or as a party may notify to the other party in writing.

A notice or other communication is deemed to be duly received:

(a) if sent by hand, when left at the address of the recipient;

(b) if sent by prepaid post, five days after the date of posting; or

(c) if sent by Electronic Communication, either:

(i) upon receipt by the sender of an acknowledgement or transmission report generated by the device from which the Electronic Communication was sent indicating that the Electronic Communication was sent in its entirety to the recipient; or

(ii) four hours after the time sent (as recorded on the device from which the sender sent the Electronic Communication) unless the sender receives an automated message that the Electronic Communication has not been delivered,

Whichever happens first.

A communication sent by Electronic Communication must state the first and last name of the sender and the Electronic Communication is taken to be signed by the named sender.

Where you are a joint party, you irrevocably authorise and direct Macquarie to act on instructions or accept notices from any joint party and we may assume without further

enquiry that each joint party has authorised and agreed to such instruction or notice.

22.2. Posting notices on our website

We may also give a communication to you by making it available at our website for your retrieval by Electronic Communication, on condition that we notify you by Electronic Communication that the communication is available for your retrieval. A communication we make available for your retrieval is deemed to be duly received when the Electronic Communication we send you to notify you of the availability of the communication for retrieval is deemed to be received under clause 22.1(c).

23. Assignment

You may not assign or otherwise transfer the benefit of this agreement or any of your rights, remedies, powers, duties or obligations under this agreement without our prior written consent.

We may assign, transfer and otherwise grant participations or subparticipations in all or any part of the benefit of this agreement and any of our rights, remedies, powers, duties and obligations under this agreement without your consent.

Without limiting the previous provisions of this clause 23 we may assign our rights and novate our obligations under this agreement, or any part of this agreement, to any trustee or manager of a securitisation programme without your consent.

We may disclose to a potential assignee, transferee, participant or subparticipant such information about you and this agreement as may reasonably be required.

24. Miscellaneous

24.1. Attorneys

You irrevocably appoint us and each executive director, division director and associate director of Macquarie Bank Limited, severally, as your attorney to sign any document (either in your name, ours or the attorneys) and do all acts and things that you are obliged to do under this agreement but have failed to do within such reasonable time as we may require upon notice to you or which, in our reasonable opinion, are necessary or desirable in connection with the Mortgaged Property or the protection or exercise of our rights, powers and remedies under this agreement, including anything that is necessary or desirable to:

(a) ensure that the Mortgage is as effective and enforceable as possible, including, without limitation, registering any charges with the relevant government body;

(b) transfer any Mortgaged Property to us, to a purchaser or to any other person nominated by us or to otherwise convey the Mortgaged Property as we determine in accordance with the provisions of this agreement;

(c) perfect this agreement and any related documents or to make any such documents effective (including stamping and registering any relevant document).

24.2. Our exercise of rights

Our failure or delay in exercising any right under this agreement does not operate as a waiver of any right and the exercise of a single right or partial exercise of any right by us under this agreement does not prevent us from exercising any other right. Our rights under this agreement are cumulative and are not exclusive of any other rights provided by law.

A waiver by us is effective only if it is in writing signed by one or more of our officers.

24.3. Severability

Any provision of this agreement which is or becomes prohibited or unenforceable in any jurisdiction is severed from this agreement only in respect of that jurisdiction.

24.4. Continuing obligations

The provisions in clauses 19.1 and 19.2 are continuing obligations, separate and independent from other obligations and survive the termination of this agreement.

24.5. Our discretion

(a) Except where this agreement expressly provides otherwise, any consent requested of, or determination by, us may be:

  (ii) given or withheld by us in our absolute discretion; and

  (iii) given unconditionally or subject to such conditions as we may reasonably determine.

(b) Unless specified otherwise in this agreement, any decision or exercise of our discretion under or in connection with this agreement, may be made or exercised in our absolute discretion.

24.6. Delay by us

If performance by us of any of our obligations under this agreement or related arrangements is prevented or delayed in whole or in part due to any circumstance which we are unable to control, this agreement nevertheless continues and remains in full force and effect but we are not in default under this agreement or otherwise liable for any loss, cost, expense or damage suffered by you for that reason only and we are entitled to a reasonable extension of time to complete performance of our affected obligations.

24.7. We are not responsible

Without limiting the terms of clause 19 we are not responsible for any Cost incurred or otherwise payable by you as a result of our acting in accordance with any request or direction from you.

24.8. Governing law

This agreement and the Loans are governed by and construed in accordance with the laws in force in New

South Wales. The parties irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales.

24.9. Time of the essence

Time is of the essence in respect of each and all of your obligations under this agreement.

25. Privacy

You consent to us giving, from time to time, to:

(a) any of our related entities;

(b) any issuer of the Relevant Units;

(c) any person named as a 'Borrower' in an Application Form; or

(d) a person authorised by you and notified to us in writing, as your representative for the purposes of this agreement,

any information in our possession about you, the Relevant Units, a Loan and this agreement that they may request from time to time. This information may be given in electronic, paper or spoken form.

26. Goods and Services Tax ('GST')

(a) All payments to be made by you in connection with this agreement have been calculated without regard to GST. To the extent that any supply made in connection with this agreement is a taxable supply, the recipient must pay, in addition to the consideration provided under this agreement for that supply (unless it expressly includes GST), an amount ('additional amount') equal to the amount of the consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply.

(b) Terms used in this clause which are defined in the GST Act have the same meaning in this clause.

(c) If either party is entitled under this agreement to be reimbursed or indemnfied by the other party for a cost or expense incurred in connection with this agreement, the reimbursement or indemnity payment must not include any GST component of the cost or expense for which an input tax credit may be claimed by the party being reimbursed or indemnfied, or by its representative member.

27. Definitions and Interpretation

27.1. Definitions

In this agreement, unless the context otherwise requires:

Application Form means, in respect of a Loan, the application form you complete, and which is received by us from you, for investment in the Flexi 100 Trust and requesting a Loan as accompanying the Flexi 100 PDS.

Business Day means a day on which banks are open for business in Sydney.

Cash Collateral has the meaning given in the Flexi 100 PDS.

Cash Market Rate (11.00am call) means the interest rate paid by short term market dealers on unsecured overnight loans (previously known as the unofficial 11.00am call rate).

Class has the meaning given in the Flexi 100 PDS.

Collateral Agreement has the meaning given in the Flexi 100 PDS.

Collateral Counterparty means the collateral counterparty under the Collateral Agreement.

Collateral Security means the deed under which the Responsible Entity grants a first-ranking fixed charge over the Cash Collateral in favour of us, as security for the performance of certain obligations of the holders of Units.

Confirmations means the confirmations issued by us to you from time to time, including the Initial Confirmation, which sets out, amongst other matters, the details of the Investment Loan or an Interest Loan (if applicable).

Corporation has the meaning given in the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Costs includes any costs, expense, loss, liability, claim, damage, payment or charge, including those incurred in connection with the appointment of advisers.

Default Rate means either the prevailing Investment Loan Interest Rate or the Cash market Rate (11.00am call), whichever is greater, plus 4%pa, calculated daily.

Dispose means transfer, sell or redeem and Disposal has the corresponding meaning.

Distribution means a distribution, dividend, or payment of interest in relation to a Unit.

Drawdown Date means each date on which the Principal under any Loan is drawn down.

Electronic Communication means a communication of information in the form of data, text or images by means of guided or unguided electromagnetic energy, or both. Electronic Communications include emails.

Event of Default means any event specified as such in clause 17.

Flexi 100 Trust means the Macquarie Flexi 100 Trust ARSN 129 962 189.

Flexi 100 PDS means the product disclosure statement for investment in the Flexi 100 Trust dated on or around 13 September 2010 as amended from time to time.

GST means the goods and services tax levied under the GST Act.

GST Act means A New Tax System (Goods and Services Tax) Act 1999.

Initial Confirmation means, in respect of a Loan, our acceptance of your application delivered by us to you in response to the Application Form which sets out, among other matters, your identity, the Investment Loan

Amount and, if relevant, the Interest Loan, the Investment Loan Interest Rate and, if relevant, the Interest Loan Interest Rate.

Initial Investment Loan Interest Amount means the interest payable on in respect of the first Investment Loan Interest Period.

Interest Loan means each loan advanced by us for an Investment Loan Interest Period and on an Investment Loan Interest Payment Date, to pay the interest due on the Investment Loan on that Investment Loan Interest Payment Date under clause 1.3.

Interest Loan Interest Payment Date means in respect of an Interest Loan, each date set out in the Confirmation for that Interest Loan for the payment of interest under the Interest Loan, or if not stated the last Business Day of each month during an Investment Loan Interest Period.

Interest Loan Interest Period the period from (and including) one Interest Loan Interest Payment Date to (but excluding) the next Interest Loan Interest Payment Date, except that the first Interest Loan Interest Period commences on the relevant Investment Loan Interest Payment Date.

Interest Loan Interest Rate means, with respect to an Interest Loan, the interest rate described as the Interest Loan Interest Rate in the Confirmation relating to such Interest Loan.

Interest Loan Repayment Dates means, with respect to an Interest Loan, the dates specified as such in the Confirmation that relates to that Interest Loan or, if not stated in the Confirmation, each Interest Loan Interest Payment Date.

Interest Rate means the Investment Loan Interest Rate or the Interest Loan Interest Rate.

Investment Linked Swap Arrangement means the Investment Linked Swap Arrangement as defined in the Flexi 100 PDS with respect to the Relevant Units and, for the avoidance of doubt, includes the Collateral Agreement and the Swap Agreement in relation to the Relevant Units.

Investment Loan means an amount advanced by us to purchase Relevant Units under clause 1.2.

Investment Loan Amount means the amount stated in the Initial Confirmation.

Investment Loan Drawdown Date means the date of issue of the Relevant Units.

Investment Loan Interest Payment Date means the Investment Loan Drawdown Date and each anniversary of the Investment Loan Drawdown Date thereafter that falls prior to the Maturity Date.

Investment Loan Interest Period the period from (and including) one Investment Loan Interest Payment Date to the earlier of (but excluding):

(a) the next Investment Loan Interest Payment Date; and

(b) the Maturity Date.

Investment Loan Interest Rate means the interest rate described as the Investment Loan Interest Rate in the Initial Confirmation or, in respect of an Investment Loan Interest Period other than the first Investment Loan Interest Period, as described in a Confirmation or otherwise notified by us.

Issuer, in respect of the Relevant Units, means Macquarie Financial Products Management Limited ('MFPML'), ABN 38 095 135 694.

Liquidation includes receivership or other appointment of a controller, deregistration, compromise, deed of arrangement, amalgamation, administration, reconstruction, winding up, dissolution, assignment for the benefit of creditors, arrangement or compromise with creditors, bankruptcy, death or anything analogous or having a substantially similar effect to any of these events happens.

Loan means the Investment Loan or any Interest Loan (as relevant).

Loan Limit means in respect of an Investment Loan or an Interest Loan, the loan limit amount notified to you in the Initial Confirmation for the Loan.

MAC means the unique code we issue to a User known as a 'Macquarie Access Code'.

Macquarie means Macquarie Bank Limited (ABN 46 008 583 542) or another Macquarie Group company as determined by the Issuer.

Macquarie Group means Macquarie Group Limited (ABN 94 122 169 279) and its Related Bodies Corporate (as defined in the Corporations Act).

Material Adverse Change means a change which has a material adverse effect on either your assets, revenue or financial condition, or your ability to perform your obligations under this agreement.

Maturity Date means, the date stated as the Maturity Date for the Investment Loan in the Initial Confirmation.

Minimum Loan Amount means the Minimum Investment Amount specified in the Flexi 100 PDS.

Minimum Period has the meaning given in clause 8 of this agreement.

Mortgage means the mortgage in favour of us created under clause 15 of this agreement.

Mortgaged Property means:

(a) the Relevant Units;

(b) all other property in exchange or substitution for that or any other Mortgaged Property;

(c) all rights and property attaching to or derived from that or any other Mortgaged Property;

(d) all proceeds of Mortgaged Property (including Distributions and proceeds of Disposal or exercise of rights); and

(e) any other asset you and we agree from time to time to be Relevant Units for the purposes of this agreement.

Official Directive means any new or amended law (including, without limitation, any law which imposes a tax on goods and services), order, official policy, directive or request of any governmental agency, or any change in any interpretation or administration of any law, order, official policy, directive or request of any governmental agency.

Outstanding Money means, in respect of a Loan, its Principal plus any accrued but unpaid interest on it.

Principal means the total of all amounts drawn down under a Loan.

Receiver has the meaning given in clause 18.2 of this agreement.

Related Body Corporate has the same meaning as in the Corporations Act.

Relevant Units means the Units acquired by you where the purchase price is wholly funded using the Investment Loan Amount and any rights attaching to the holder of the Units whether such rights relate to obligations of the Issuer or another person.

Responsible Entity means the responsible entity of the Flexi 100 Trust, being the Issuer.

Secured Moneys means all moneys the payment or repayment of which from time to time form part of the Secured Obligations.

Secured Obligations means all of your liabilities and obligations under or by reason of this agreement and includes any liabilities or obligations which:

(a) are liquidated or unliquidated;

(b) are present, prospective or contingent;

(c) relate to the payment of money or the performance or omission of any act;

(d) sound in damages only; or

(e) accrue as a result of any Event of Default,

and irrespective of:

(f) whether you are liable or obligated individually, jointly or jointly and individually with another person;

(g) the circumstances in which we come to be owed each liability or obligation and in which each liability or obligation comes to be secured by the Mortgage, including any assignment of any liability or obligation or of this agreement; or

(h) the capacity in which you and we come to owe or to be owed that liability or obligation.

Security Interest includes any mortgage, bill of sale, pledge, deposit, lien, encumbrance, hypothecation, arrangement for the retention of title and any other right, interest, power or arrangement of any nature whatsoever having the purpose or effect of providing security for, or otherwise protecting against default in respect of, the obligations of any person.

Swap Agreement has the meaning given in the Flexi 100 PDS.

Tax Act means the Income Tax Assessment Act 1997 and the Income Tax Assessment Act 1936.

Units means units in the Flexi 100 Trust issued under the Flexi 100 PDS.

User means the borrower under this agreement and, in the case of joint borrowers, each of those joint borrowers.

You means the person or persons named in the Application Form as 'Borrower'. If there are more than one, you means each of them separately and every two or more of them jointly. You includes your successors and assigns.

We means Macquarie and our and us have corresponding meanings.

Withdrawal Form means, in respect of an Investment Loan, the form, to be made available on the website of the Flexi 100 Trust at macquarie.com.au/flexi, that you submit to us and the Issuer notifying us that you wish to redeem all or part of the Relevant Units.

27.2. Interpretation

In this agreement, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) references to a person include any type of entity or body of persons whether or not it is incorporated or has a separate legal entity;

(c) references to an agreement or document (including, without limitation, a reference to this agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this agreement or that other agreement or document;

(d) references to any party to this agreement include references to its respective successors and permitted assigns;

(e) a reference to a group of persons is a reference to any two or more of them jointly and to each of them individually; and

(f) a reference to any thing (including an amount) is a reference to the whole and each part of it.

6. Direct debit request service agreement

BETWEEN YOU AND US

1. Definitions

The following definitions apply in this agreement.

'Account' means the account held at Your Financial Institution from which We are authorised and able to arrange for funds to be debited.

'Agreement' means this Direct Debit Request Service Agreement between You and Us.

'Business Day' means a day other than a Saturday or a Sunday or a national public holiday.

'Constitution' means the constitution of the Macquarie Flexi 100 Trust in which You invest.

'Debit Day' means the day that payment by You to Us is due.

'Debit Payment' means a particular transaction where a debit is made.

'Direct Debit Request' means the Direct Debit Request between Us and You set out in the Application Form accompanying the PDS.

'Macquarie Flexi 100 Trust' means the trust offered under the PDS to which this Agreement was attached.

'Our, Us or We' means Macquarie Bank Limited ABN 46 008 583 542 (or any of its nominees within the Macquarie group of companies) or Macquarie Financial Products Management Limited ABN 38 095 135 694 ('MFPML') which You have authorised by signing a Direct Debit Request.

'PDS' means the document to which this Agreement was attached and which sets out the terms of the offer of the Macquarie Flexi 100 Trust.

'You or Your' means the person(s) who signed the Direct Debit Request.

'Your Financial Institution' is the financial institution where You hold the Account that You have authorised Us to arrange to debit.

'Your Loan Agreement' means the Loan Agreement to be entered into by You and Us which sets out the terms and conditions of Your loan(s) with Us.

2. Debiting your Account

2.1. By signing an Application Form that contains the Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request, this Agreement, Your Loan Agreement and the Constitution for the terms of the arrangement between Us and You.

2.2. We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.

2.3. If the Debit Day falls on a day that is not a Business Day, We may direct Your Financial Institution to debit Your Account on the preceding Business Day.

2.4. If You are unsure about when the Debit Payment will be or has been debited from Your Account, please check with Your Financial Institution.

3. Changes by Us

3.1. We may vary the timing of future debits at any time by giving You at least fourteen days written notice.

4. Changes by You

4.1. Subject to clause 4.3, You may change the arrangements under a Direct Debit Request by contacting Us.

4.2. If You request Us to stop or defer a Debit Payment You must notify Us in writing at least three Business Days before the next Debit Day. We will notify You if Your request to stop or defer a Debit Payment has been approved.

4.3. Before You can cancel Your Direct Debit Request, You must notify Us and make other direct debit arrangements. The terms and conditions which refer to payments under Your Loan Agreement and the Constitution state (amongst other things) that all moneys payable by You under Your Loan Agreement and the Constitution shall be paid by direct debit from an account at a bank or financial institution acceptable to Us, unless otherwise agreed by Us. If You cancel Your authority for Us to debit Your Account and do not make alternate arrangements regarding establishing another Direct Debit Request, then You may be in default under Your Loan Agreement or the Constitution.

5. Your obligations

5.1. Direct debiting may not be available on all accounts. You should check Your Account details against a recent statement from Your Financial Institution and, if uncertain, contact Your Financial Institution before completing the Direct Debit Request.

5.2. It is Your responsibility to ensure that there are sufficient clear funds available in Your Account by the Debit Day to allow a Debit Payment to be made in accordance with the Direct Debit Request.

5.3. If there are insufficient clear funds in Your Account to meet a Debit Payment:

(a) you may be charged a fee and/or interest by Your Financial Institution;

(b) you may also incur fees or charges imposed or incurred by Us as stated in Your Loan Agreement or the Constitution;

(c) you may be in default under Your Loan Agreement or the Constitution; and

(d) you must arrange for the particular Debit Payment which has been declined to be made by another method or arrange for sufficient clear funds to be in Your Account by an agreed time so that We can process the Debit Payment.

5.4. You should check Your Account statement to verify that the amounts debited for Your Account are correct.

5.5. If We are liable to pay goods and services tax ('GST') on a supply made by Us in connection with this Agreement, then You agree to pay Us on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

6. Dispute

6.1. If You believe that there has been an error in debiting Your Account, You should notify Us directly and confirm that notice in writing with Us as soon as possible so that We can resolve Your query quicker. All queries should be directed to Us in the first instance so that We can attempt to resolve the matter between Us and You.

6.2. If We conclude as a result of Our investigations that Your Account has been incorrectly debited We will respond to Your query by arrangement for Your Financial Institution to adjust Your Account accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.

6.3. If We conclude as a result of Our investigations that Your Account has not been incorrectly debited We will respond to Your query by providing You with reasons and any evidence for this finding.

6.4. If We cannot resolve Your query You can still refer it to Your Financial Institution which will obtain details from You of Your query and may lodge a claim on Your behalf.

6.5. We shall not be liable under any circumstances for any indirect or consequential loss or any loss of profits suffered by you as a result of any action or any failure to act by Us under this Agreement.

6.6. All terms implied by statute, general law or custom shall not apply to this Agreement except ones that may not be excluded. If We breach any condition or warranty implied by legislation in a contract with a consumer, Our liability for that breach is limited to a resupply of the services in respect of which the breach occurred, and We shall not be liable in any event for indirect or consequential loss or any loss of profits.

7. Confidentiality

7.1. We will keep any information (including Your Account details) in Your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of Our employees or agents who have access to information about You do not make any unauthorised use, modification, reproduction or disclosure of that information.

7.2. We will only disclose information that We have about You:

(a) to the extent specifically required by law; or

(b) for the purposes of, or in connection with, the exercise of any of Our rights and/or powers under, this Agreement or Your Loan Agreement (including disclosing information in connection with any query or claim).

8. Notice

8.1. If You wish to notify Us in writing about anything relating to this Agreement, You should write to Your Account manager.

8.2. We will notify You:

(a) by sending a notice in the ordinary post to the address You have given Us in the Application Form to the PDS; or

(b) by sending a notice electronically to the e-mail address You have given Us in the Application Form to the PDS.

8.3. Any notice will be deemed to have been received two Business Days after it is posted (if the notice is sent by ordinary post) and on the same Business Day as it is e-mailed (if the notice is sent electronically). Execution by You of the Application Form that contains the Direct Debit Request deems You to have read and understood the terms of this Direct Debit Request Service Agreement.

7. How to apply

7.1. How much money do I need to get started?

The amount you will need to get started depends on your choice of Investment Loan. For an Investment Loan of AUD50,000:

- If you choose the Limited Recourse Investment Loan option, the annual-in-advance Investment Loan interest payment for the first Interest Period would be equal to AUD4,550 (using an indicative interest rate of 9.10%pa as at the date of this PDS);[1] and
- If you choose the Full Recourse Investment Loan option, the annual-in-advance Investment Loan interest payment for the first Interest Period would be equal to AUD4,425 (using an indicative interest rate of 8.85%pa as at the date of this PDS).[1]

If you do not apply for, or are not approved for an Interest Loan, the applicable amount will be direct debited from your account on or around the relevant Unit Issue Date. In addition a Loan Establishment Fee of 2.0% of your Investment Loan amount will be direct debited from your nominated account on the relevant Unit Issue Date (unless your adviser has agreed to rebate some or all of the upfront commission).

If you apply and are approved for an Interest Loan, the annual in advance Investment Loan interest payment will be funded by your Interest Loan. You will repay the amount of your Interest Loan with 12 monthly repayments of principal and interest each year of your investment. These will be direct debited from your account at the end of each month, with the first payment to occur on the last day of the month following the month in which the relevant Unit Issue Date occurs. In addition, a Loan Establishment Fee of 2.0% of your Investment Loan will be direct debited from your nominated account in 12 equal monthly repayments over the first year of your Investment Loan (unless your adviser has agreed to rebate some or all of the upfront commission).

7.2. How to complete your Application Form

If you wish to apply to invest in the Fund offered under this PDS, you must complete the Application Form accompanying this PDS in accordance with the following instructions.

The Responsible Entity may accept or reject any application in part or in full for any reason. Investors will only receive the number of Units equivalent to the amount of their approved Investment Loan.

Investors who provide email contact details will be notified by email that their Application Form has been received. Confirmations of the number of Units issued to each Investor will be sent to them, and any financial adviser whose details are included on the Application Form, as soon as practicable after the relevant Unit Issue Date.

1. Please note that indicative interest rates for the Full Recourse Investment Loan and Limited Recourse Investment Loans may vary for each Offer. For indicative interest rates for the current Offer please refer to the Flexi Website.

Applicant types and requirements table

Applicant type	In whose name must the account in Part 5A be?	Who signs Part 9 of the Application Form?	Which Parts of the Application Form must be completed?	Which Parts of the Application Form must be read?
Individual applicant (not including individual trustees).	The individual (for a joint account, one of the account holders must be the individual applicant).	The individual investor (in the presence of a witness).	1A, 3, 4A, 4B (if applicable), 4C (if applicable), 5A, 5B, 6 (if applicable), 9.	2, 7, 8
Joint applicants (not including joint trustees).	Each individual (for joint accounts) or one of the joint individual applicants.	Both investors (each in the presence of a witness).	1A, 1B, 3, 4A, 4B (if applicable), 4C (if applicable), 5A, 5B, 6 (if applicable), 9.	2, 7, 8
Corporate applicant (not including corporate trustees).	The name of the company.	Either: ■ two directors, or a director and secretary; or ■ one director for a sole director company; or ■ as required by the constitution/rules of the company or body.	1A, 1B (if not sole director company) 1C, 3, 4A, 4B (if applicable), 4C (if applicable), 5A, 5B, 6 (if applicable), 9.	2, 7, 8
Corporate trustee applicant (including for Superannuation Investors).	The trustee/s and the name of the trust.	Either: ■ two directors, or a director and secretary; or ■ one director for a sole director company; or ■ as required by the constitution/rules of the company or body.	1A, 1B (if not sole director company) 1C, 1D, 1E, 3, 4A, 4B (if applicable), 4C (if applicable), 5A, 5B, 6 (if applicable), 9.	2, 7, 8
Individual and joint individual trustee applicants (including for Superannuation Investors).	The trustee/s and the name of the trust.	The trustee/s (each in the presence of a witness).	1A, 1B (if joint individual trustees), 1D, 1E, 3, 4A, 4B (if applicable), 4C (if applicable), 5A, 5B, 6 (if applicable), 9.	2, 7, 8

What additional documentation do I need to provide?	
Direct applicants	**Applicants with a Financial Adviser**
One of the following:[2] ■ original certified copy of Australian Driver's Licence; ■ original certified copy of Australian Passport; ■ original copy of State or Territory proof of age card;[3] or ■ original copy of a foreign passport or similar document issued for the purpose of international travel.[4]	Complete **both**: ■ the 'Adviser/Broker Details' part (including declaration) located at the start of the application form; and ■ IFSA/FPA Identification Forms for the individual (available from macquarie.com.au/aml).
For each individual, **one** of the following:[2] ■ original certified copy of Australian Driver's Licence; ■ original certified copy of Australian Passport; ■ original copy of State or Territory proof of age card;[3] or ■ original copy of a foreign passport or similar document issued for the purpose of international travel.[4]	Complete **both**: ■ the 'Adviser/Broker Details' part (including declaration) located at the start of the application form; and ■ IFSA/FPA Identification Form for both individuals (available from macquarie.com.au/aml).
You must provide an original certified copy of the certificate of registration issued by ASIC.	Complete **both**: ■ the 'Adviser/Broker Details' part (including declaration) located at the start of the application form; and ■ IFSA/FPA Identification Form for the company (available from macquarie.com.au/aml).
You must provide an original certified copy of the certificate of registration issued by ASIC, AND **one** of the following: ■ original certified copy of an extract of the Trust Deed; ■ notice (such as a notice of assessment) issued by the ATO within the last 12 months); or ■ letter from a solicitor or qualified accountant verifying the name of the trust.	Complete **both**: ■ the 'Adviser/Broker Details' part (including declaration) located at the start of the application form; and ■ IFSA/FPA Identification Forms for **both** the company **and** the trust (available from macquarie.com.au/aml).
For each individual, **one** of the following:[2] ■ original certified copy of Australian Driver's Licence; ■ original certified copy of Australian Passport; ■ original copy of State or Territory proof of age card;[3] or ■ original copy of a foreign passport or similar document,[4] AND one of the following: ■ original certified copy of an extract of the Trust Deed; ■ notice (such as a notice of assessment) issued by the ATO within the last 12 months); or ■ letter from a solicitor or qualified accountant verifying the name of the trust.	Complete **both**: ■ the 'Adviser/Broker Details' part (including declaration) located at the start of the application form; and ■ IFSA/FPA Identification Forms for **both** the trust **and** each individual (available from macquarie.com.au/aml).

2. For alternative sources of verification for individual and joint individual applicants, please see 'Fulfilling your documentation requirements' at the end of the Application Form.
3. The card must contain a photograph of the person in whose name it is issued.
4. Foreign documentation must contain a photograph and the signature of the person in whose name the document is issued. Where any document relied on as part of the procedure is in a language that is not English, it must be accompanied by an English translation prepared by an accredited translator.

In addition, please note:

- If you are applying for an Interest Loan and have aggregate loans from Macquarie Group that in total exceed AUD250,000 and are used to invest in capital protected financial products offered by any member of Macquarie Group (including the Interest Loan (if any) applied for under this PDS but not the Investment Loan) you will need to provide verification of your income by providing the documents set out in Part 4C of this Application Form.
- If you are a Superannuation Investors applying for a Limited Recourse Investment Loan in excess of AUD100,000, you will need to provide certification from an accountant, as specified in Part 6 of the Application Form.
- If you are a non-Superannuation Investor applying for an Investment Loan in excess of AUD100,000 and do not have your Application Form stamped by a financial adviser, you will need to provide certification from an accountant, as specified in Part 6 of the Application Form.
- If you are a trustee investor (including Superannuation Investor) applying for an Investment Loan in excess of AUD200,000, you will need a solicitor to confirm that you have the power to invest in the Fund. This is done by completing and signing the relevant part of the Application Form. Refer to Part 1E of the Application Form for more information regarding the certificate of the trustee's solicitor.
- By signing Part 9 – 'Applicant Signature' of the Application Form, you authorise the Loan Provider, as your attorney and by way of electronic signature, to sign the Loan and Put Option Agreement in the form of Section 5.1 of Part II of the PDS (if you have applied for a Limited Recourse Investment Loan) or the Loan and Security Agreement in the form of Section 5.2 of Part II of the PDS (if you have applied for a Full Recourse Investment Loan) on your behalf.

7.3. Anti-Money Laundering and Counter – Terrorism Financing Act 2006

In December 2006 the Australian Government introduced the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**'AML/CTF Act'**), which requires reporting entities, such as financial advisers and product issuers, to conduct client identification and verification checks. Macquarie is required to comply with the AML/CTF Act.

Entering into this product can be done in one of two ways, depending on whether you are an applicant investing via a licensed financial adviser or a direct applicant.

If you are investing through a financial adviser, your identification and verification checks can be conducted by your financial adviser who will also complete the relevant identification form issued by Investment and Financial Services Association Limited and the Financial Planning Association of Australia (**'IFSA/FPA Form'**). These forms are available from macquarie.com.au/aml.

If you are entering into this product by applying directly to Macquarie, please complete the Application Form that accompanies this PDS. Please also ensure that you provide all the required verification material as described in the Application Form.

We may, from time to time, be required to contact you to request additional information for identification or verification purposes.

By applying for the Units in the Macquarie Flexi 100 Trust you agree to the following:

(a) at the reasonable request of Macquarie, to supply, or procure the supply of, any documentation and other evidence and perform any acts to enable Macquarie to comply with any laws relating to the AML/CTF Act; and

(b) Macquarie may report the details of any transaction or activity, or proposed transaction or activity in relation to your Units (including any personal information (as defined in the Privacy Act 1988 (Cth)) that you may have provided to Macquarie) to any reporting body authorised to accept reports under any laws relating to AML/CTF applicable in Australia or elsewhere if in Macquarie's reasonable opinion this is required to comply with the AML/CTF Act.

7.4. How to submit your Application Form

Please submit your Application Form and any required accompanying documents (if required, verification of income) to the following address before 3.00pm (Sydney time) on the relevant Offer Close date specified on the Flexi Website.

By mail or delivery:

Client Service Team – Macquarie Flexi 100 Trust
PO Box R1723
Royal Exchange
NSW 1225

While each Offer is scheduled to close at 3.00pm (Sydney time) on the relevant Offer Close date as specified on the Flexi Website, you are encouraged to submit your Application Form so that it is received by the Responsible Entity on or before the business day prior to the applicable Offer Close date.

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Macquarie Flexi 100 Trust
Application Form and Instructions

Macquarie Financial Products Management Limited
ABN 38 095 135 694 (**MFPML**)
Australian Financial Services Licence No 237847

MACQUARIE

How to Apply

This Application Form relates to a Product Disclosure Statement dated 13 September 2010 and a Supplementary Product Disclosure Statement dated 6 April 2011 (together the **PDS**) issued by Macquarie Financial Products Management Limited ABN 38 095 135 694 (**MFPML**) that relates to the Offer of Units in the Macquarie Flexi 100 Trust specified in Part 3 of this Application Form. Terms defined in the PDS have the same meaning in this Application Form. Parts I and II of the PDS (including the Supplementary Product Disclosure Statement) contain important information about investing in the Macquarie Flexi 100 Trust and borrowing under the Loans. Please read the PDS before completing this Application Form. A copy of the PDS (including the Supplementary Product Disclosure Statement) accompanies this Application Form. If you require an additional copy of the PDS please call MFPML on 1800 080 033.

Before you decide whether to invest please check the Flexi Website at macquarie.com.au/flexi for the terms of any Offer and any updates to the PDS. Please consult your financial and investment advisers as to the appropriateness of this investment for you taking into account your objectives, financial circumstances and needs and do not invest unless you understand this investment.

How much money do I need to get started?

The amount you will need to get started depends on your choice of Investment Loan. For an Investment Loan of $A50,000:

- If you choose the Limited Recourse Investment Loan option, the annual-in-advance Investment Loan interest payment for the first Interest Period would be equal to $A4,550 (using an indicative interest rate of 9.10%pa as at 6 April 2011); and
- If you choose the Full Recourse Investment Loan option, the annual-in-advance Investment Loan interest payment for the first Interest Period would be equal to $A4,425 (using an indicative interest rate of 8.85%pa as at 6 April 2011).

If you do not apply for, or are not approved for, an Interest Loan, the applicable amount will be direct debited from your account on or around the relevant Unit Issue Date. In addition, a Loan Establishment Fee of 2.0% of your Investment Loan amount will be direct debited from your nominated account on the relevant Unit Issue Date (unless your adviser has agreed to rebate some or all of the upfront commission).

If you apply and are approved for an Interest Loan, the annual in advance Investment Loan interest payment will be funded by your Interest Loan. You will repay the amount of your Interest Loan with 12 monthly repayments of principal and interest each year of your investment. These will be direct debited from your account at the end of each month, with the first payment to occur on 31 July 2011. In addition, a Loan Establishment Fee of 2.0% of your Investment Loan will be direct debited from your nominated account in 12 equal monthly repayments over the first year of your Investment Loan (unless your adviser has agreed to rebate some or all of the upfront commission).

Anti-Money Laundering and Counter-Terrorism Financing

In December 2006, the Australian Government introduced the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**), which requires reporting entities, such as financial advisers and product issuers, to conduct client identification and verification checks. MFPML and the Loan Provider (together the **Macquarie Entities**) are required to comply with the AML/CTF Act.

Entering into this product can be done in one of two ways, depending on whether you are an applicant applying via a licensed financial adviser or a direct applicant.

If you are applying through a financial adviser, your identification and verification checks can be conducted by your financial adviser who will also complete the relevant identification form issued by the Financial Services Council Limited and the Financial Planning Association of Australia (**IFSA/FPA Form**). These forms are available from macquarie.com.au/aml.

If you are applying directly to the Macquarie Entities, please ensure that you provide all the required verification material as described in this Application for Finance form.

We may, from time to time, be required to contact you to request additional information for identification or verification purposes.

By applying for Units in the Macquarie Flexi 100 Trust you agree to the following:

a) at the reasonable request of the Macquarie Entities, to supply, or procure the supply of, any documentation and other evidence and perform any acts to enable the Macquarie Entities to comply with any laws relating to the AML/CTF Act; and

b) the Macquarie Entities may report the details of any transaction or activity, or proposed transaction or activity in relation to your Units (including any personal information (as defined in the Privacy Act 1988 (Cth)) that you may have provided to the Macquarie Entities) to any reporting body authorised to accept reports under any laws relating to AML/CTF applicable in Australia or elsewhere if in the Macquarie Entities' reasonable opinion this is required to comply with any AML/CTF law.

How to complete the Application Form

To assist you with completing the Application Form, please review the table below and ensure you have completed the sections that are relevant to your investment with MFPML.

Applicant type	In whose name must the account (in Part 5) be?	Who signs Part 9 of the Application Form?	Which Parts of the Application Form must be completed?	Which Parts of the Application Form must be read?	What additional documentation do I need to provide?	
					Applicants with a Financial Adviser	Direct applicants
Individual applicant (not including individual trustees)	The individual (for a joint account, one of the account holders must be the individual applicant)	The individual investor (in the presence of a witness)	1a, 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9	2, 7, 8	Complete **both**: • the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and • IFSA/FPA Identification Form for the individual (available from macquarie.com.au/aml).	**One** of the following:[1] • original certified copy of Australian Driver's Licence; • original certified copy of Australian Passport; • original copy of State or Territory proof of age card;[2] or • original copy of a foreign passport or similar document issued for the purpose of international travel[3]
COMPLETED	☐	☐	☐	☐	☐	☐
Joint individual applicants (not including joint individual trustees)	Each individual (for joint accounts) or one of the joint individual applicants	Both investors (each in the presence of a witness)	1a, 1b, 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9	2, 7, 8	Complete **both**: • the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and • IFSA/FPA Identification Forms for **both** individuals (available from macquarie.com.au/aml).	For each individual, **one** of the following:[1] • original certified copy of Australian Driver's Licence; • original certified copy of Australian Passport; • original copy of State or Territory proof of age card;[2] or • original copy of a foreign passport or similar document issued for the purpose of international travel[3]
COMPLETED	☐	☐	☐	☐	☐	☐
Corporate applicant (not including corporate trustees)	The name of the company	Either: • two directors, or a director and secretary; or • one director for a sole director company; or • as required by the constitution/ rules of the company or body.	1a, 1b (if not a sole director company), 1c, 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9	2, 7, 8	Complete **both**: • the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and • IFSA/FPA Identification Form for the company (available from macquarie.com.au/aml).	If requested, you must provide an original certified copy of the certificate of registration issued by ASIC.
COMPLETED	☐	☐	☐	☐	☐	☐
Corporate trustee applicant (including for Superannuation Investors)	The trustee and the name of the trust	either: • two directors, or a director and secretary; or • one director for a sole director company; or • as required by the constitution/ rules of the company or body.	1a, 1b (if not a sole director company), 1c, 1d, 1e (if applicable), 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9	2, 7, 8	Complete **both**: • the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and • IFSA/FPA Identification Forms for **both** the company **and** the trust (available from macquarie.com.au/aml).	You **must** provide an original certified copy of the certificate of registration issued by ASIC, AND **one** of the following: • original certified copy of an extract of the Trust Deed;[4] • notice (such as a notice of assessment) issued by the ATO within the last 12 months; or • letter from a solicitor or qualified accountant verifying the name of the trust
COMPLETED	☐	☐	☐	☐	☐	☐
Individual and joint individual trustee applicants (including for Superannuation Investors)	The trustee/s and the name of the trust	The trustee/s (each in the presence of a witness)	1a, 1b (if joint individual applicants), 1d, 1e (if applicable), 3, 4a, 4b (if applicable), 4c (if applicable), 4d (if applicable), 5, 6 (if applicable), 9	2, 7, 8	Complete **both**: • the 'Financial Adviser details' Part (including declaration) located at the start of the application form; and • IFSA/FPA Identification Forms for **both** the trust **and** the individual (available from macquarie.com.au/aml).	For each individual **one** of the following:[1] • original certified copy of Australian Driver's Licence; • original certified copy of Australian Passport; • original copy of State or Territory proof of age card;[2] or • copy of a foreign passport or similar document issued for the purpose of international travel,[3] AND **one** of the following: • original certified copy of an extract of the Trust Deed;[4] • notice (such as a notice of assessment) issued by the ATO within the last 12 months); or • letter from a solicitor or qualified accountant verifying the name of the trust.
COMPLETED	☐	☐	☐	☐	☐	☐

[1] For alternative sources of verification for individual and joint individual applicants, please see 'Fulfilling your documentation requirements' in this Application for Finance form.

[2] The card must contain a photograph of the person in whose name it is issued.

[3] Foreign documentation must contain a photograph and the signature of the person in whose name the document is issued. Where any document relied on as part of the procedure is in a language that is not English, it must be accompanied by an English translation prepared by an accredited translator.

[4] Please note that where an applicant sends its trust deed/constitution to us, we will only use that trust deed/constitution to extract information required for AML/CTF requirements and we will not otherwise review the trust deed/constitution.

In addition, please note:

- If you are applying for an Interest Loan, and have aggregate loans with Macquarie Group that in total exceed $A250,000 that are used to invest in capital protected financial products offered by any member of Macquarie Group (including the Interest Loan (if any) applied for under this PDS but not the Investment Loan), you will need to provide verification of your income by providing the documents set out in Part 4d of this Application Form
- If you are a Superannuation Investor applying for a Limited Recourse Investment Loan in excess of $A100,000, you will need to provide certification from an accountant, as specified in Part 6 of the Application Form
- If you are a non-Superannuation Investor applying for an Investment Loan in excess of $A100,000 and do not have your Application Form stamped by a financial adviser, you will need to provide certification from an accountant, as specified in Part 6 of the Application Form
- If you are a Trustee Applicant and (1) you are not a Superannuation Investor and (2) you are applying for an Investment Loan in excess of $A200,000, you will need a solicitor to confirm that you have the power to borrow to invest in the Macquarie Flexi 100 Trust. This is done by completing and signing the relevant section of the Application Form. Refer to Part 1e of the Application Form for more information regarding the certificate of the trustee's solicitor
- By signing Part 9 – 'Applicant signature' of the Application Form, you authorise Macquarie Bank Limited ABN 46 008 583 542, as your attorney and by way of electronic signature, to sign the Loan and Put Option Agreement in the form of Section 5.1 of Part II of the PDS (if you have applied for a Limited Recourse Investment Loan) or the Loan and Security Agreement in the form of Section 5.2 of Part II of the PDS (if you have applied for a Full Recourse Investment Loan) on your behalf.

Fulfilling your documentation requirements

What is an original certified copy?

An original certified copy is a document that has been certified as a true copy of the original document by one of the following:

- An officer with, or authorised representative of, a holder of an Australian financial services licence, having two or more continuous years of service with one or more licensees.
- Finance company officer with two or more continuous years of service with one or more finance companies (for the purposes of the Statutory Declaration Regulations 1993 (Cth)).
- An officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993 (Cth)).
- A permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public.
- An agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public.
- A Justice of the Peace.
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described).
- A judge of a court.
- A magistrate.
- A chief executive officer of a Commonwealth court.
- A registrar or deputy registrar of a court.
- An Australian police officer.
- An Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955 (Cth)).
- A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years of continuous membership.
- A notary public (for the purposes of the Statutory Declaration Regulations 1993 (Cth)).

Alternative sources of verification for Individuals / Joint / Sole trader Applicants.

Australian documentation

An original or original certified copy of one of:

- Australian birth certificate; or
- Australian citizenship certificate; or
- Australian passport; or
- Australian driver's licence; or
- Pension card issued by Centrelink; or
- Health card issued by Centrelink;

And an original notice issued to an individual, of a kind listed below, that contains the name of the individual and his or her residential address:

- Issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual; or
- Issued by the Australian Taxation Office within the preceding 12 months that records a debt payable to or by the individual by or to the Commonwealth under a taxation law; or
- Issued by a local government body or utilities provider within the preceding three months that records the provision of services to that address or to that person.

Foreign documentation

An original or original certified copy of a current:

- National Identity Card issued by a foreign government containing a photograph and signature of the person in whose name the card is issued; and
- Foreign driver's licence that contains a photograph of the person in whose name it was issued.

Where any document relied on as part of the procedure is in a language that is not English, it must be accompanied by an English translation prepared by an accredited translator.

How to submit the Application Form

Please submit your Application Form and any required accompanying documents (if required, verification of income) to the following address before 3.00pm (Sydney time) on 30 June 2011.

By mail or delivery:

Client Service Team – Macquarie Flexi 100 Trust
GPO Box 4294
Sydney NSW 1164

While the Offer is scheduled to close at 3.00pm (Sydney time) on 30 June 2011, you are encouraged to submit your Application Form so that it is received by MFPML on or before 29 June 2011.

MFPML may rely on a faxed or emailed Application Form to process and accept your application. However, MFPML requires the original Application Form to be sent to it at the above address for its records. Application Forms can be faxed to MFPML at (02) 8232 6158.

If you have any questions please contact the Client Service Team on 1800 080 033.

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Macquarie Flexi 100 Trust Application Form

MACQUARIE

Macquarie Financial Products Management Limited
ABN 38 095 135 694 (**MFPML**)

Australian Financial Services Licence No 237847

This Application Form relates to a Product Disclosure Statement dated 13 September 2010 and the Supplementary Product Disclosure Statement dated 6 April 2011 (together the **PDS**) issued by MFPML for the offer of Units in the Macquarie Flexi 100 Trust specified in Part 3 of this Application Form. Terms defined in the PDS have the same meaning in this Application Form. Parts I and II of the PDS contain important information about investing in the Macquarie Flexi 100 Trust and borrowing under the Loans. Please read the PDS before completing this Application Form. A person who gives another person access to this Application Form must at the same time and by the same means give that person access to the PDS. While the PDS is current, MFPML (or another licensed financial intermediary who has provided an electronic copy of it) will send a paper copy of the PDS and Application Form on request and without charge. If you require a full paper copy of the PDS, call MFPML on 1800 080 033.

Before you decide whether to invest please check the Flexi Website at macquarie.com.au/flexi for the terms of any Offer and any updates to the PDS. Please consult your financial and investment advisers as to the appropriateness of this investment for you taking into account your objectives, financial circumstances and needs and do not invest unless you understand this investment.

PLEASE COMPLETE THIS FORM USING BLACK INK AND PRINT WITHIN THE BOXES IN CAPITAL LETTERS. MARK APPROPRIATE ANSWER BOXES WITH A CROSS (X). START AT THE LEFT OF EACH ANSWER SPACE AND LEAVE A BOX GAP BETWEEN WORDS. SHOULD YOU HAVE ANY QUESTIONS, PLEASE CALL THE CLIENT SERVICE TEAM ON 1800 080 033 BETWEEN 8.30AM AND 5.30PM (SYDNEY TIME).

Financial Adviser details (to be completed by Financial Advisers only)

Place stamp here

Financial Adviser name

Dealer group

Adviser company name

ABN AFSL

Adviser postal address

Suburb

Country

State Postcode

Work number ( ) Mobile number

Fax number ( )

Adviser email address

Adviser Macquarie Access Code (MAC)

Assistant name

Assistant's Macquarie Access Code (MAC)

Assistant Work Number (if required) ( )

For more information regarding this application, please contact ☐ Adviser ☐ Assistant

Adviser own loan ☐ Yes

Rebate upfront commission by reducing Loan Establishment Fee to client ☐ Rebate 100% ☐ Rebate 50%

Rebate trailing commissions to client ☐ Rebate 100%

New advisers only: Please call the Client Service Team on 1800 080 033 for a 'New Adviser Details Information Form'.
Please note: The above contact details will be used to pay commissions.

Financial Adviser Declaration – AML/CTF verification records and Customer Identification Procedures - mandatory

Please complete and enclose a copy of the relevant Financial Services Council Limited/Financial Planning Association of Australia Identification Form (**IFSA/FPA Form**) in relation to the Applicant referred to in this Application for Finance form. You can obtain a copy of the IFSA/FPA Form by visiting macquarie.com.au/aml.

By signing below and submitting the IFSA/FPA Form with this Application for Finance form, the Financial Adviser represents to MFPML and the Loan Provider (the **Macquarie Entities**) that they:

1. have followed the IFSA/FPA Industry Guidance Note No. 24 and any other applicable guidelines and laws with respect to the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth), rules and other subordinate instruments (**AML/CTF Laws**);
2. will make available to the Macquarie Entities, on request, original verification and identification records obtained by the Financial Adviser in respect of the Applicant, being those records referred to in the IFSA/FPA Form;
3. will provide details of the customer identification procedures adopted by the Financial Adviser in relation to the Applicant;
4. have kept a record of the Applicant's identification and verification and will retain these in their file for a period of seven years after their relationship with the Applicant has ended;
5. will use reasonable efforts to obtain additional information from the Applicant if the Macquarie Entities request the Financial Adviser to do so;
6. will not knowingly do anything to put the Macquarie Entities in breach of the AML/CTF Laws; and
7. will notify the Macquarie Entities immediately if they become aware of anything that would put the Macquarie Entities in breach of AML/CTF Laws.

If you have previously provided Macquarie Specialist Investments with an IFSA/FPA Form for the Applicant(s) of this Application Form, you may not be required to complete another IFSA/FPA Form.

A relevant IFSA/FPA Form has previously been provided for each of the following Applicant(s):

Name

Investor ID

Name

Investor ID

Name

Investor ID

Special Instructions

Signature of Financial Adviser

Please print name

Date / /

Part 1a – Applicant 1 details (this Part is mandatory)

☐ Individual applicant	☐ Joint individual applicants (also complete Part 1b)	☐ Director of corporate applicant (also complete Parts 1b (if not a sole director company) and 1c)	☐ Director of corporate trustee applicant (also complete Parts 1b (if not a sole director company), 1c and 1d)	☐ Individual trustee applicant (also complete Part 1d)	☐ Joint individual trustee applicant (also complete Parts 1b and 1d)

PLEASE NOTE THAT IF TWO INDIVIDUALS ARE INVESTING AS JOINT APPLICANTS BOTH PARTS 1A AND 1B MUST BE COMPLETED. IF THE APPLICANT IS A SUPERANNUATION INVESTOR, PLEASE MARK A CROSS (X) IN THE BOX.

☐ Applicant is a Superannuation Investor

Applicant details – this section is mandatory

Title ☐ Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Dr ☐ Other

First name

Middle name

Surname

Other name known by

Occupation

Drivers licence number Date of birth / /

Address details – this section is mandatory

Residential address (this cannot be a PO Box).

Address

Suburb

Country

State Postcode

If mailing address is the same as your residential address, tick here ☐

Mailing address details (please complete if different to residential address. Any correspondence, if posted, will be sent here unless you are a corporate applicant).

Address

Suburb

Country

State Postcode

Previous residential address (please complete if less than 3 years at current residential address).

Address

Suburb

Country

State Postcode

Contact details (you must provide at least one contact phone number)

Work number ( ) Home number ( )

Fax number ( ) Mobile number

Email address

Present employer

Previous employer

Additional details – this section is mandatory

Are you a resident of Australia for income tax purposes? If no, please specify your country of tax residence.

☐ Yes ☐ No Country

Part 1a – Applicant 1 details (continued)

Macquarie Online Service

You can access details of your investment online. In order to gain access, you will require a Macquarie Access Code (**MAC**). Once you have your MAC, you can access your investment details at macquarie.com.au.

Do you already have a MAC? (You will be automatically issued with a MAC, if you do not specify otherwise).

☐ Yes If yes please specify ☐☐☐☐☐☐☐☐☐☐ ☐ No

Unless you tick the box below, your Adviser and/or Adviser's assistant will be able to view your account.

☐ I **do not** want my adviser (including all employees and agents if my adviser is a partnership or company) to have viewing access to my account online.

1b Applicant 2 details (if there is no second applicant proceed to Part 1c)

Please select one of the following options:

☐ Joint individual applicant ☐ Second director of corporate applicant (also complete Part 1c) ☐ Second director of corporate trustee applicant (also complete Parts 1c and 1d) ☐ Joint individual trustee applicant (also complete Part 1d)

Applicant details – this section is mandatory

Title Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Dr ☐ Other

First name

Middle name

Surname

Other name known by

Occupation

Drivers licence number Date of birth / /

If Applicant 2 residential address is the same as Applicant 1, tick here ☐

Address details – this section is mandatory

Residential address (this cannot be a PO Box).

Address

Suburb

Country

State Postcode

Previous residential address (please complete if less than 3 years at current residential address).

Address

Suburb

Country

State Postcode

Contact details (you must provide at least one contact phone number)

Work number ( ) Home number ( )

Fax number ( ) Mobile number

Email address

Present employer

Previous employer

Additional details – this section is mandatory

Are you a resident of Australia for income tax purposes? If no, please specify your country of tax residence.

☐ Yes ☐ No Country

Macquarie Online Service

You can access details of your investment online. In order to gain access, you will require a Macquarie Access Code (**MAC**). Once you have your MAC, you can access your investment details at macquarie.com.au.

Do you already have a MAC? (You will be automatically issued with a MAC, if you do not specify otherwise).

☐ Yes If yes please specify ☐☐☐☐☐☐☐☐☐☐ ☐ No

Part 1c – Corporate applicant details (if you are not a Corporate applicant please proceed to Part 1d)

Please select one of the following options:

☐ Corporate applicant ☐ Corporate trustee applicant (if you are a corporate trustee you must also complete Part 1d trustee applicant).

Company name

ACN

Company registered address (this cannot be a PO Box).

Address

Suburb

Country

State Postcode

If the company's principal place of business is the same as above, tick here ☐

Company's principal place of business (if different from above).

Address

Suburb

Country

State Postcode

Director's names (list all)

Contact details (you must provide at least one contact phone number)

Work number ( ) Home number ( )

Fax number ( ) Mobile number

Email address

Additional details – this section is mandatory

Business activities

Company type ☐ Public Company ☐ Proprietary Company

If you ticked proprietary company, please list the full name and residential address of each person who owns more than 25% of the company's issued share capital (each a **Beneficial Owner**).
Full name and residential address of each Beneficial Owner.

Name

Address

Suburb

Country

State Postcode

Name

Address

Suburb

Country

State Postcode

Name

Address

Suburb

Country

State Postcode

Part 1d – Trustee applicant details

Note: Trustees that are (1) not Superannuation Investors and (2) borrowing in excess of AUD200,000 are additionally required to have their solicitor complete Part 1e Certificate from trustee's solicitor below.

Name of the trustee

Name of the trust

Type of trust

Business activities/ purpose of trust

Country in which trust was established

Beneficiaries of the trust – this section is mandatory

If the beneficiaries of the trust are named in the trust deed, please list each benefiaciary's full name below. Alternatively, where beneficiaries are described as members of a class of beneficiaries, please include details of the class.

Part 1e – Certificate from Trustee's Solicitor (all Trustee Applicants who (1) are not a superannuation investor and (2) are borrowing in excess of AUD200,000 must have their solicitor complete this section)

I certify that:

a) I am a legal practitioner engaged by the Applicant;
b) in my opinion, the trust described in Part 1 of this Application Form was properly established and the trustee properly appointed under the trust deed (which has been stamped, if applicable) and the trust is validly subsisting at the date of this Application Form;
c) in my opinion, the trustee has the power under the trust deed to enter into the Loan and Put Option Agreement or the Loan and Security Agreement (as applicable) (together, the **Documentation**) and to borrow the funds, grant the security and perform all of its other obligations under and associated with the Documentation;
d) in my opinion, the trust receives benefits from the trustee entering into and performing its obligations under the Documentation; and
e) in my opinion, the terms of the trust deed do not restrict the right of the trustee to be fully indemnified out of the assets of the trust to satisfy any liability to the Loan Provider properly incurred by the trustee as trustee of the trust arising out of the transactions contemplated by the Documentation.

Solicitor's Title Mr Mrs Miss Ms Dr Other

First name

Middle name

Surname

Any other name known by

Name of law firm

Contact details (you must provide at least one contact phone number)

Work number ( ) Home number ( )

Fax number ( ) Mobile number

Additional details

Postal address

Suburb

Country

State Postcode

Signature of Solicitor

Please print name

Date / /

Part 2 – Tax File Number or Australian Business Number (to be read by all Applicants)

Please provide a Tax File Number (**TFN**), Australian Business Number (**ABN**) or exemption details for each Applicant. If you are completing this Application Form as an individual trustee or corporate trustee, you are only required to provide a TFN/ABN for the trust. If you are completing this Application Form as a director of a company (other than a company trustee), you are only required to provide a TFN/ABN for the company.

Applicant

TFN/ABN

Exemption Details including expiry date (if applicable)

Joint Applicant

TFN/ABN

Exemption Details including expiry date (if applicable)

Collection of your TFN is authorised, and its use and disclosure are strictly regulated, by the tax laws and Privacy Act 1988 (Cth).

Quotation is not compulsory. If you do not supply your TFN or a valid exemption (or in certain cases an ABN), tax will be deducted from any income earned on an investment in the Macquarie Flexi 100 Trust at the highest marginal tax rate plus Medicare Levy and forwarded to the Australian Taxation Office.

If you quoted your TFN above, you also authorise MFPML and the Loan Provider to disclose it to their nominee companies for purposes relating to the Units and the Loans.

For more information about the use of TFNs contact your tax adviser or please phone your nearest Australian Taxation Office.

Part 3 – Your Application Amount (to be completed by all Applicants)

Name of the Macquarie Flexi 100 Unit Class		Insert Investment Amount equal to Investment Loan Amount*
5.5 Year Fixed Distribution Classes		
Class AI – Australian Equity	AUD	, ,
Class AJ – Asian Equity	AUD	, ,
Class AK – US Equity	AUD	, ,
Class AL – BRIC Equity	AUD	, ,
3.5 Year Fixed Distribution Classes		
Class AM – Australian Equity Focus	AUD	, ,
Class AN – Asia Long Short	AUD	, ,
3 Year Variable Distribution Classes		
Class AO – Australian Equity	AUD	, ,
Class AP – US Equity	AUD	, ,
Class AQ – Commodities Select	AUD	, ,
Total Investment Amount**	AUD	, ,

* A minimum investment of AUD5,000 per class.

** The minimum total Investment Amount is AUD25,000 with additional multiples of AUD1,000.

Part 4a – Choice of Loan (to be completed by all Applicants)

Please indicate which type of Investment Loan you will be borrowing with to invest. Please mark one box only:

☐ Limited Recourse Investment Loan (indicative interest rate for the year ending 29 June 2012 is 9.10%pa)

☐ Full Recourse Investment Loan (indicative interest rate for the year ending 29 June 2012 is 8.85%pa)

Superannuation Investors must borrow using the Limited Recourse Investment Loan.

If no box is marked you will be deemed to have applied for a Limited Recourse Investment Loan.

Part 4b – Interest Loan (to be completed by non-Superannuation Investors only)

Complete this section only if you wish to fund 100% of your annual-in-advance interest payments using an optional Interest Loan.

Superannuation Investors are not eligible for an Interest Loan.

☐ Interest Loan (indicative interest rate for year ending 29 June 2012 is 10.95%pa)

The Interest Loan will commence on 30 June 2011 and is to be repaid with interest in 12 monthly payments starting 31 July 2011. Principal and interest will be direct debited from your nominated account.

Part 4c – Direct payment of Distributions (to be completed only if you have not applied for an Interest Loan in Part 4b and you want direct payment of Distributions)

☐ Please mark this box if you would like interest payments to be debited from your Nominated account in full and any Distributions (if applicable) paid in full to your account within 60 days of the relevant Distribution Date.

Part 4d – Statement of Financial Position (to be completed only if you have applied for an Interest Loan)

Assets		Amount	Ownership
Cash	AUD		%
Property (residential)	AUD		%
Property (investment)	AUD		%
Shares	AUD		%
Motor vehicles	AUD		%
Superannuation	AUD		%
Other	AUD		%

First property (address)

Second property (address)

TOTAL ASSETS **AUD**

NET ASSETS **AUD**

(total assets less total liabilities)

Liabilities		Outstanding		Limit
Mortgages (residential)	AUD		AUD	
Mortgage/loan (investment)	AUD		AUD	
Leases/other loans	AUD		AUD	
Credit card	AUD		AUD	
Tax payable	AUD		AUD	
Other (please specify)	AUD		AUD	
Macquarie loans (not included above)	AUD		AUD	
TOTAL LIABILITIES	**AUD**			

ANNUAL INCOME

Salary (pre tax)	AUD	, ,
Rental and dividend income	AUD	, ,
Other net income (details)	AUD	, ,
TOTAL	**AUD**	, ,

ANNUAL EXPENDITURE

Mortgage payments/rent (residential)	AUD	, ,
Mortgage/loan payments (investment)	AUD	, ,
Lease and personal loan payments	AUD	, ,
Credit card	AUD	, ,
Living expenses and school fees	AUD	, ,
Other expenses (details)	AUD	
Loan Payments (investments with Macquarie)	AUD	
TOTAL	**AUD**	, ,

All Applicants who have aggregate loans from Macquarie Group that are used to invest in capital protected financial products offered by any member of the Macquarie Group (including the Interest Loan (if any) applied for under this PDS but not the Investment Loan), that in total exceed AUD250,000, will need to provide verification of their income by providing:

- your last three electronic payslips or group certificates (accompanied by contact details of your employer if still employed by the same organisation) showing employer/employee names; or
- your previous year's tax return; or
- letter of employment on Company Letterhead less than two months old. It must state the employee's name, length of employment and income details; or
- accountant's certificate less than 12 months old; or
- most recent PAYG Payment Summary,

AND

- rental income (if applicable) – most recent rental statement from property manager.

If any information provided above is inaccurate or incomplete, there may be delays in processing your application. The Loan Provider reserves the right to request, at its discretion, any further supporting documentation as required for any loan application.

By completing and signing this Application Form I/we confirm that my/our annual income after tax and all mortgage, loan, living and other expenses is sufficient to meet the required payments on the Interest Loan applied for in Part 4b of this Application Form. I/We understand that the total of these payments will be approximately 9.5% of my/our Investment Amount for the year ending 29 June 2012.

Part 5 – Direct Debit Request (to be completed by all Applicants)

The nominated bank account must be in the name of the Applicant and will be used to credit any cash distributions and any other amounts from the Macquarie Flexi 100 Trust and to debit any principal and interest payments on any Loans, any fees and any stamp duty (if applicable) or any other amount that is incurred or payable in connection with the investment in the Macquarie Flexi 100 Trust or any Loans. A Direct Debit Dishonour Fee of AUD50 will apply if insufficient funds are available in your nominated account.

BSB number - Account number

Account name

Name of bank or financial institution

Bank address

Suburb

State Postcode

Authority

If the account nominated above is to be used to debit any fees or charges, interest or principal payments on any Loans, any stamp duty (if applicable), any costs (including break costs) or other amount incurred or payable in connection with my/our investment in the Macquarie Flexi 100 Trust, the Loan and Put Option Agreement or Loan and Security Agreement (as applicable), I/we, the Applicant and the account holder named above, authorise and request you, Macquarie Specialist Investments Lending Limited
ABN 59 125 574 389 (User ID number 391425) (or its nominee, assignee, transferee, participant or sub-participant as required) (**Loan Provider**) or Macquarie Financial Products Management Limited ABN 38 095 135 694 (User ID number 204567) (**MFPML**), until further notice in writing, to debit my/our account described above with any amounts which you may properly debit or charge me/us through the direct debit system.

I/We acknowledge and agree that:

- by signing this application form I/we agree to be bound by the terms of the Direct Debit Request Service Agreement in Part 6 of Part II of the PDS;
- my/our bank/financial institution may, in its absolute discretion, determine the order of priority of payment by it of any moneys pursuant to this request or any authority or mandate; and
- my/our bank/financial institution may, in its absolute discretion, at any time by notice in writing to me/us, terminate this Direct Debit Request as to future debits.

The Loan Provider or MFPML may by prior arrangement and advice to me/us, vary the amount or frequency of future debits.

Please sign below. If a joint account has been nominated above, all account holders must sign. If the bank account is a company bank account, and the company has more than one director, two directors or a director and a secretary (if different) must sign below.

	Signature of account holder (director/sole director to sign for company)	Signature of joint account holder (director/secretary to sign for company)
Authorised signature(s)		
Please print name(s)		
Date	/ /	Date / /

Part 6 – Certificate from Accountant

This Part 6 must be completed for:

- all applications by Superannuation Investors borrowing in excess of AUD100,000; and
- all applications by applicants that do not have a Financial Adviser if borrowing in excess of AUD100,000.

I certify that:

a) I am an accountant and employed independently of the Macquarie Group and engaged by the Applicant described in Part 1 of this Application Form; and

b) as at the date of this application, the total Investment Amount specified in Part 3 of this Application Form represents not more than 30% of the value of the Applicant's (as described in Part 1 of this Application Form) net assets after all liabilities.*

* where the applicant is a trustee on behalf of a superannuation fund, this refers to the relevant superannuation fund's net assets.

Accountant's Title Mr Mrs Miss Ms Dr Other

First name

Middle name

Surname

Any other name known by

Name of accounting firm

Contact details (you must provide at least one contact phone number)

Work number ( ) Home number ( )

Fax number ( ) Mobile number

Additional details

Postal address

Suburb

Country

State Postcode

Signature of Accountant

Please print name

Date / /

Part 7 – Loan Consents/Acknowledgement (to be read by all Applicants)

This part of the Application Form relates to the Loan(s) in Part 4 of this Application Form.

Acknowledgment and authority to give certain credit information

Please note that pursuant to the Privacy Act 1988 (Cth), the Loan Provider may give a credit reporting agency certain personal information about me/us, including:

- details to identify me/us, e.g. name, sex, date of birth;
- the fact that I/we have applied for credit and the amount or that the Loan Provider is a current credit provider to me/us;
- payments which become more than 60 days overdue and for which collection action has started;
- cheques drawn by me/us for at least AUD100 which the Loan Provider has dishonoured more than once;
- that, in the opinion of the Loan Provider, I/we have committed a serious credit infringement in specified circumstances;
- advice that payments previously notified as unpaid are no longer overdue; and
- the fact that credit provided to me/us by the Loan Provider has been paid or otherwise discharged.

Authority for Macquarie to obtain certain credit information

To enable the Loan Provider to assess my/our application for personal or commercial credit, I/we authorise the Loan Provider:

- to obtain from a credit reporting agency a credit report containing personal information about me/us in relation to personal credit provided by the Loan Provider;
- to obtain from a credit reporting agency a credit report containing personal credit information about me/us in relation to commercial credit provided by the Loan Provider; and
- to obtain a report from a credit reporting agency containing information about my/our commercial activities or my/our commercial creditworthiness in relation to personal credit provided by the Loan Provider.

Authority to exchange information

I/We authorise the Loan Provider to give to and obtain:

- from any related corporation;
- from any credit provider;
- from any broker, adviser, financial consultant, accountant or lawyer acting for me/us or on my/our behalf, any administrator, liquidator, trustee in bankruptcy, legal personal representative or executive; and
- in connection with any consumer or commercial credit information about me/us including in connection with funding or managing financial accommodation by means of an arrangement involving securitisation.

I/We agree that this information can include information that has any bearing on my/our credit worthiness, credit standing, credit history or credit capacity.

I/We agree that this information may be:

- used by the Loan Provider to:
  - assess my/our creditworthiness;
  - assess an application by me/us for credit; and
  - assist me/us to avoid defaulting on my/our credit obligations; and
- used and disclosed by the Loan Provider to:
  - give notice of a default by me/us to other credit providers and any collection agent of the Loan Provider; and
  - allow a credit reporting agency to create or maintain a credit information file containing information about me/us.

Part 8 – Privacy (to be read by all Applicants)

You can access, correct or update any personal information we hold about you by contacting us on 1800 080 033.

Purpose

MFPML and the Loan Provider collect and use personal information for the following purposes:

- to process your application;
- to administer your investment;
- to administer your Loan(s); and
- to tell you about products and services (unless you ask us not to).

Disclosing your information

You agree and consent that MFPML and the Loan Provider may disclose information we hold about you in the following circumstances (even if the disclosure is to an organisation overseas which is not subject to privacy obligations equivalent to those which apply to us):

- to related organisations who tell you about services or products they offer which could be useful to you (unless you ask them not to);
- to companies and representatives that provide services on our behalf, for example printing statements or notices which we send to you;
- collecting or assisting in the recovery of debts or providing professional advice;
- to your agents and representatives (for example your broker, adviser, solicitor or accountant) or any administrator, liquidator, trustee in bankruptcy, legal personal representative or executor; and
- if the disclosure is required or authorised by law.

What happens if you do not disclose the information?

You may choose not to give personal information about you to MFPML and the Loan Provider. Depending on the type of personal information, the consequences set out below may apply if you do not give it to MFPML and the Loan Provider:

- refer to Part 2 of this Application Form for the consequences if you do not supply your Tax File Number (**TFN**) or a valid exemption (or in certain cases an Australian Business Number (**ABN**));
- MFPML may not be able to approve your application for Units in the Macquarie Flexi 100 Trust; and
- the Loan Provider may not be able to approve your application for a Loan.

The collection of your personal information may be required by AML/CTF Laws.

Part 9 – Applicant signature (to be completed by all Applicants)

IT IS IMPORTANT THAT APPLICANTS READ THE PDS, THE OFFER AND THIS APPLICATION FORM BEFORE SIGNING BELOW. IT IS RECOMMENDED THAT APPLICANTS OBTAIN INDEPENDENT FINANCIAL, LEGAL AND TAXATION ADVICE TO ENSURE THEY UNDERSTAND, AND ARE ABLE TO MAKE, THE STATEMENTS CONTAINED IN THIS APPLICATION FORM.

PLEASE NOTE THAT THE LOAN PROVIDER:

- **WAS NOT INVOLVED IN THE PREPARATION OF THE PDS EXCEPT TO THE EXTENT IT CONSENTED TO THE INCLUSION OF ANY STATEMENTS IN THE PDS; AND**
- **DOES NOT ENDORSE OR RECOMMEND INVESTMENT UNDER THE PDS.**

I/We agree that:

a) I/We have read the PDS to which this Application Form relates and the terms and conditions of the Loan and Put Option Agreement contained in Section 5.1 of Part II of the PDS or the Loan and Security Agreement contained in Section 5.2 of Part II of the PDS (as applicable) and the Direct Debit Request Service Agreement contained in Section 6 of Part II of the PDS.

b) All the information provided in this Application Form is complete, true and correct.

c) The Loan Provider or MFPML can provide information on the status of my/our investment and Loan facility to my/our nominated financial adviser or usual stockbroker or any associated Macquarie Group company.

d) If at any time I/we supply MFPML or the Loan Provider with personal information about another individual, I/we will ensure that I am/we are authorised to do so and agree to inform that individual of the matters set out in Parts 7 and 8 of this Application Form as they relate to that individual.

e) I/We agree to MFPML and the Loan Provider collecting, using and disclosing my/our personal information as set out in Parts 7 and 8 of this Application Form. Unless you cross the box below, MFPML, the Loan Provider and other companies in the Macquarie Group may use your personal information to offer you products or services that may be of interest to you.

☐ I do not consent to the use of my information for this purpose.

f) I/We agree to be bound by the Constitution (as it may be amended from time to time) and the Security Trust Deed (if applicable).

g) I/We declare that I am/we are not applying to invest in the Macquarie Flexi 100 Trust and take out an Investment Loan and/or an Interest Loan for the sole or dominant purpose of obtaining a scheme benefit as defined in the Tax Administration Act 1953 (Cth).

h) The consents and authority referred to in Parts 7 and 8 of this Application Form apply to my/our application for a Loan(s).

i) If credit approval is given for smaller Loan(s) than I/we apply for, I/we will be taken to have applied for a reduced number of Units in the Macquarie Flexi 100 Trust corresponding to the Loan amount(s) which are approved.

j) I/We consent to MFPML paying commissions to my/our Financial Adviser based on the amount of my/our Investment Loan.

k) I/We, the Applicant specified in Part 1 of this Application Form hereby irrevocably and by way of security appoint Macquarie Bank Limited ABN 46 008 583 542 and each of its officers, employees, agents and solicitors separately (the **Attorney**) as the true and lawful agent and attorney (with full power of substitution, delegation and revocation in respect thereof as the Attorney may deem expedient) to sign and deliver, on my/our behalf the following:

   — the Loan and Put Option Agreement in substantially the form contained in Section 5.1 of Part II of the PDS or the Loan and Security Agreement in substantially the form contained in Section 5.2 of Part II of the PDS (as applicable);

   — any ASIC notification of charge or notification of a release of charge given under the Loan and Put Option Agreement or the Loan and Security Agreement (as applicable);

   — any other document, which, in the reasonable opinion of the Attorney, is necessary or desirable in connection with the Loan and Put Option Agreement or the Loan and Security Agreement (as applicable), the Security Trust Deed (if applicable) or the Units in the Macquarie Flexi 100 Trust or the protection or perfection of the interest of MFPML or the Loan Provider (including, without limitation, the exercise of the put option under the Loan and Put Option Agreement).

   I/We hereby further authorise the Attorney to do the following with respect to any of the documents referred to above:

   — complete any blanks;

   — make any amendments or additions that are in the reasonable opinion of the Loan Provider necessary to comply with any statutory or other requirement of law, or not materially prejudicial to my/our interests;

   — do, execute and perform any other deed, matter, act or thing which in the reasonable opinion of the Attorney ought to be done, executed or performed to perfect the document and make it effective; and

   — attend to the stamping or registration of the documents referred to above, and all related and ancillary documentation.

   I/We declare that anything done by the Attorney pursuant to the powers given to the Attorney will be binding on me/us as if those acts had been done by me/us.

   I/We authorise the Attorney to sign the documents listed above by any means including affixing electronic or facsimile signatures to the documents.

l) I/We shall compensate the Attorney against any loss or reasonable costs it suffers or incurs in properly and lawfully exercising the powers specified above. The Attorney may exercise the powers granted above even if it involves a conflict of duty or a conflict of interest.

m) I/We direct MFPML to pay any amounts payable in respect of any of my/our Units to the Loan Provider or its nominee to be applied in accordance with the Loan and Put Option Agreement or the Loan and Security Agreement (as applicable) and, if I/we have not made an election in Part 4c, direct MFPML to pay any distributions received from the Macquarie Flexi 100 Trust to be applied against any Interest Loan payments due in that year.

n) I/We confirm and make the declarations set out in the Direct Debit Authority in Part 5 of this Application Form.

o) that MFPML as Responsible Entity of the Macquarie Flexi 100 Trust will grant the Collateral Security described in Section 4.3 of Part II of the PDS in favour of the Loan Provider.

p) MFPML and the Loan Provider are subject to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), rules and other subordinate instruments (**AML/CTF Laws**). In making an application pursuant to this PDS, I/we consent to MFPML or the Loan Provider disclosing any of my/our personal information (as defined in the Privacy Act 1988 (Cth)), to the extent they are required to do so under the AML/CTF Laws.

q) If requested I/we undertake to provide additional information and assistance and comply with all reasonable requests to facilitate MFPML's or the Loan Provider's compliance with AML/CTF Laws in Australia or an equivalent overseas jurisdiction.

r) I/We undertake that I am/ we are not aware and have no reason to suspect that:

— the money used to fund the investment is derived from or related to money laundering, terrorism financing or similar activities (**Illegal Activities**); or

— proceeds of investment made in connection with this product will fund Illegal Activities,

and I/we undertake to immediately notify MFPML or the Loan Provider if I/we should become so aware or have reason to so suspect.

s) In certain circumstances MFPML or the Loan Provider may be obliged to freeze or block an account where it is used in connection with Illegal Activities or suspected Illegal Activities. Freezing or blocking can arise as a result of the account monitoring that is required by AML/CTF Laws. Pursuant to the AML/CTF laws MFPML and the Loan Provider will not be liable to me/us for any consequences or losses suffered as a result of the freezing or blocking of my/our account in accordance with the AML/CTF Laws.

t) MFPML or the Loan Provider retains the right not to provide services or issue products to any applicant that MFPML or the Loan Provider decides, in its sole discretion, that it does not wish to supply.

u) I/We are not United States persons and will not be receiving Units in the United States and not acquiring Units for the account of a United States person.

v) I/We are not resident in India and the Units will not be held in India by, directly or indirectly, and will not be sold or delivered within India to, or for the benefit of (i) any resident in India, including any corporation or other entity incorporated or registered under Indian laws, or (ii) others for re-offering or re-sale, directly or indirectly, in India or to a resident of India or any entity incorporated or registered in India, or (iii) any non resident person of Indian origin or Indian Overseas Corporate Body.

w) MFPML and the Loan Provider may send me/us notices or communications regarding my/our investment in the Macquarie Flexi 100 Trust via post, fascimile or electronic means to the address, email, fascimile or other telephone number appearing in this Application Form or otherwise notified by me/us to MFML and the Loan Provider.

x) I/We declare that the credit to be provided to me/us under the Loan(s) by the Loan Provider is to be applied wholly or predominantly for investment purposes other than investment in residential property.

Applicants should only sign this declaration if the Loan(s) are wholly or predominantly for investment purposes other than investment in residential property. By signing this declaration you may lose your protection under the National Credit Code.

y) I/We acknowledge that investments in the Macquarie Flexi 100 Trust are not deposits with, or other liabilities of, Macquarie Bank Limited ABN 46 008 583 542, Macquarie Financial Products Management Limited ABN 38 095 135 694, the Loan Provider or any Macquarie Group company, and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. I/We acknowledge that none of Macquarie Bank Limited, MFPML, the Loan Provider or any other member of the Macquarie Group guarantees the performance of the Macquarie Flexi 100 Trust, the repayment of capital from the Macquarie Flexi 100 Trust or any particular rate of return.

Applicants must sign here

ALL INDIVIDUAL AND JOINT INDIVIDUAL APPLICANTS (INCLUDING INDIVIDUAL AND JOINT INDIVIDUAL TRUSTEE APPLICANTS) MUST HAVE THEIR APPLICATIONS SIGNED AND WITNESSED OR YOUR APPLICATION CANNOT BE PROCESSED. BEFORE SIGNING THIS APPLICATION FORM YOU NEED TO ENSURE THAT YOU HAVE COMPLETED ALL 13 PAGES OF THIS APPLICATION FORM. APPLICANTS SHOULD ENSURE ALL RELEVANT SECTIONS HAVE BEEN COMPLETED CORRECTLY. IF THIS PAGE IS NOT ATTACHED TO THE OTHER 12 PAGES OF THIS APPLICATION FORM OR HAS NOT BEEN COMPLETED CORRECTLY, PLEASE CONTACT MFPML OR YOUR ADVISER.

	Individual Applicant/Trustee Applicant	Joint Individual Applicant/Trustee Applicant
Authorised signature(s)		
Please print name(s)		
Date	/ /	Date / /

Witness signature(s)		
Please print name(s)		
Date	/ /	Date / /

CORPORATE APPLICANTS (INCLUDING CORPORATE TRUSTEE APPLICANTS) MUST SIGN HERE:

Executed in accordance with section 127(1) of the Corporations Act by authority of its directors in the presence of:

	Director/Sole Director and Sole Company Secretary (delete whichever is not appropriate)	Director/Company Secretary (delete whichever is not appropriate)
Authorised signature(s)		
Please print name(s)		
Date	/ /	Date / /

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Corporate Directory

Responsible Entity
Macquarie Financial Products Management Limited
1 Shelley Street
Sydney NSW 2000

Loan Provider
Macquarie Specialist Investments Lending Limited
No. 1 Martin Place
Sydney NSW 2000

Legal Advisers
Allen & Overy
Level 7 Gold Fields House
1 Alfred Street
Sydney NSW 2000

Tax Advisers
Clayton Utz
Levels 19-35, No. 1 O'Connell Street
Sydney NSW 2000

Security Trustee
Bond Street Custodians Limited
GPO Box 4294
Sydney NSW 1164

For further information please contact:

Macquarie Financial Products Management Limited

1800 080 033

Macquarie Flexi 100 Trust
Macquarie Financial Products Management Limited
GPO Box 4294
Sydney NSW 1164

FORWARD thinking

MACQUARIE

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