



**MACQUARIE FLEXI 100 TRUST**  
PRODUCT INFORMATION  
JUNE 2011



MACQUARIE

# A flexible leveraged investment solution

Take advantage of the new investment choices now available with the latest offer of the Macquarie Flexi 100 Trust (Flexi 100). Flexi 100 is a flexible, capital protected<sup>1</sup> solution that offers 100 per cent leveraged exposure to a range of global market investments. The 'Walk-Away' feature provides investors with flexibility to leave the investment early, irrespective of market movements.<sup>2</sup>

## Potential benefits

- A way to gain exposure to a portfolio of global market investments with growth potential
- Access to a 100 per cent borrowing facility with no margin calls and the choice of a Limited or Full Recourse Investment Loan
- An investment which is capital protected<sup>1</sup> throughout the entire investment Term
- Fixed or potential variable Distributions over the investment Term<sup>3</sup>
- An eligible investment for Self Managed Super Funds (SMSFs<sup>4</sup>) (Limited Recourse Investment Loan only)
- Opportunity to gain exposure to a basket of 20 Australian shares with large market capitalisation with the potential to receive 150 per cent of any performance of the basket above the relevant Hurdle, subject to the Share Performance Cap.

## Walk-Away feature

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

## Investment Loan options

In order to apply for Units, investors must apply for a 100 per cent Investment Loan from Macquarie Specialist Investments Lending Limited. Investors are provided with two Investment Loan options, either:

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

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

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

## Interest rates

The indicative Investment Loan interest rates for the year ending 29 June 2012 are shown below. Once set, these rates will not increase throughout the Term.

## Indicative loan interest rates

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

## How to apply

### Step 1

Download and read the Flexi 100 Product Disclosure Statement and Supplementary Product Disclosure Statement (together, the PDS) and Offer document from the website [macquarie.com.au/flexi](http://macquarie.com.au/flexi)

### Step 2

Complete your Application Form that is included at the back of the PDS and any required accompanying documents which are referred to in the Application Form and in Section 7 of Part II of the Flexi 100 PDS

### Step 3

Submit your completed Application Form and the additional required documents before 3.00pm (Sydney time) on Thursday 30 June 2011

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

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

3 Prior to Maturity, unless an investor elects otherwise in their application, any Distributions an investor is entitled to receive from their investments will be applied to pay interest payments under the Investor's Loans.

4 Trustees of superannuation funds who propose to invest in Flexi 100 should be aware of their 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 the fund.

# Investment choices

Designed to meet your clients' needs in the current market, the June 2011 offer of Flexi 100 features a range of new investment opportunities.

## DESCRIPTION OF UNDERLYING EXPOSURE

AUSTRALIAN EQUITY	<ul style="list-style-type: none"><li>■ S&amp;P/ASX 200 Index, 200 leading companies by market capitalisation listed on the ASX</li></ul>
AUSTRALIAN EQUITY FOCUS	<ul style="list-style-type: none"><li>■ An equally weighted basket of 20 Australian shares with large market capitalisation listed on the ASX</li><li>■ Performance of each share is subject to a performance cap</li><li>■ At Maturity, investors will receive 150% of any performance of the basket above the relevant Hurdle</li></ul>
US EQUITY	<ul style="list-style-type: none"><li>■ S&amp;P 500 Index; 500 leading companies by market capitalisation listed on the New York Stock Exchange or NASDAQ</li></ul>
BRIC EQUITY	<ul style="list-style-type: none"><li>■ Equally weighted basket of four stock market indices or index tracking funds for Brazil, Russia, India and China</li><li>■ Performance of each index or index tracking fund is subject to a performance cap</li></ul>
ASIA LONG SHORT	<ul style="list-style-type: none"><li>■ Macquarie Asian Alpha Fund; fund manager implements a quantitative long short strategy in pan-Asian equity markets</li></ul>
COMMODITIES SELECT PORTFOLIO	<ul style="list-style-type: none"><li>■ For each Distribution Period, an equally weighted basket of five commodities from a minimum of three commodity sectors are determined by the responsible entity, Macquarie Financial Products Management Limited (MFPML), based on (amongst other things) suggestions by Merrill Lynch International</li><li>■ The commodity constituents and weights will be fixed during a Distribution Period but:<ul style="list-style-type: none"><li>— may differ for each Distribution Period; and</li><li>— may differ to Merrill Lynch's suggestions</li></ul></li><li>■ At the end of each Distribution Period the basket will be reviewed and reset by MFPML</li><li>■ The indicative basket for Distribution Period 1 consists of:<ul style="list-style-type: none"><li>— LME Copper - 20%</li><li>— WTI Crude Oil - 20%</li><li>— Gold - 20%</li><li>— Corn - 20%</li><li>— Soybeans - 20%</li></ul></li></ul>

# Investment categories

## 5.5 Year Fixed Distribution Classes

The key features of these classes include fixed annual Distributions of four per cent of the Investment Amount throughout the Term and at Maturity a fixed Distribution of two per cent.<sup>5</sup> At Maturity, investors are also entitled to any gain on the Reference Asset above the Hurdle of 122 per cent (the Hurdle is equal to the total amount paid to investors in fixed Distributions throughout the Term) subject to the Term/Share Performance Cap (if any).

Unit Class	Investment Opportunity	Reference Asset	Indicative Term/Share Performance Cap <sup>6</sup>	Distribution Rate
Class AI	Australian Equity	S&P/ASX 200 Index	100%	For all Unit Classes: Years 1-5: 4.0% Year 5.5: 2.0%
Class AJ	Asian Equity	20% Hang Seng H-Share Index ETF 20% Tracker Fund of Hong Kong 20% MSCI Taiwan Index 20% Kospi 200 Index 20% MSCI Singapore Index	Uncapped	
Class AK	US Equity	S&P 500 Index	100%	
Class AL	BRIC Equity	25% iShares MSCI Brazil Index Fund 25% Market Vectors Russia ETF 25% S&P CNX Nifty Index 25% Hang Seng H-Share Index ETF	100% <sup>7</sup>	

## 3.5 Year Fixed Distribution Classes

The key features of these classes include fixed annual Distributions of 6.5 per cent of the Investment Amount in years one and two and a fixed Distribution of 3.25 per cent of the Investment Amount in year three.<sup>5</sup> At Maturity, investors are entitled to any gain on the Reference Asset above the Hurdle of 116.25 per cent. The Hurdle is equal to the amount paid to investors in fixed Distributions throughout the Term and is subject to the Term/Share Performance Cap (if any).

Unit Class	Investment Opportunity	Reference Asset	Indicative Term/Share Performance Cap <sup>8</sup>	Distribution Rate
Class AM	Australian Equity Focus	Australian Equity Focus Basket	65% <sup>9</sup>	For both Unit Classes: Years 1-2: 6.5%
Class AN	Asia Long Short	Macquarie Asian Alpha Fund <sup>10</sup>	Uncapped	Year 3: 3.25% Year 3.5: 0.0%

## Variable Distribution Class

Investors may be entitled to an annual Distribution based on the positive performance (if any) of the Reference Asset during that year up to the Annual Performance Cap. This Distribution (if any) is payable at the end of years one, two and three.<sup>5</sup>

Unit Class	Investment Opportunity	Reference Asset	Indicative Annual Performance Cap <sup>11</sup>	Distribution Rate
Class AO	Australian Equity	S&P/ASX 200 Index	17%pa	Potential variable Distributions between 0% and the Annual Performance Cap
Class AP	US Equity	S&P 500 Index	17%pa	
Class AQ	Commodities Select	Commodities Select Portfolio	17%pa	

5 Prior to Maturity, unless an investor elects otherwise in their application, any Distributions an investor is entitled to receive from their investments will be applied to pay interest payments under the Investor's Loans.

6 The Share Performance Cap applies to each BRIC Equity Class; the Term Performance Cap applies to all other 5.5 Year Fixed Distribution Classes. See Sections 2.2.8 and 2.3.2 of Part I of the PDS for more information. Actual Share Performance Caps and Term Performance Caps will be determined on or before the Swap Start Date, which will be on 14 July 2011.

7 The Share Performance Cap applies to the individual performance of each constituent index/index tracking fund of the Reference Asset in the BRIC Equity Class, and not the performance of the Reference Asset itself. See Section 2.2.8 of Part I of the PDS for more information.

8 The Share Performance Cap applies to each Australian Equity Focus Class; the Term Performance Cap applies to all other 3.5 Year Fixed Distribution Classes. See Sections 2.2.2 and 2.3.2 of Part I of the PDS for more information. Actual Term Performance Cap or Share Performance Cap (as applicable) will be determined on or before the Swap Start Date, which will be on 14 July 2011 for the Australian Equity Focus Class and 30 June 2011 for the Asia Long Short Class.

9 The Share Performance Cap applies to the individual performance of each constituent share of the Reference Asset in the Australian Equity Focus Class, and not the performance of the Reference Asset itself. See Section 2.2.2 of Part I of the PDS for more information.

10 Formerly the MQ Asia Long Short Fund.

11 The Annual Performance Cap applies to all Variable Distribution Classes. See Section 2.4.1 of Part I of the PDS for more information. Actual Annual Performance Cap will be determined on or before the Swap Start Date, which will be on 14 July 2011. The indicative Annual Performance Cap is only in relation to Distribution Period 1; for Distribution Periods 2 and 3 this may vary, subject to the Minimum Performance Cap. See Section 3.3.1 of Part I of the PDS for more information.

## Worked example

### Australian Equity Focus 3.5 Year Fixed Distribution Class

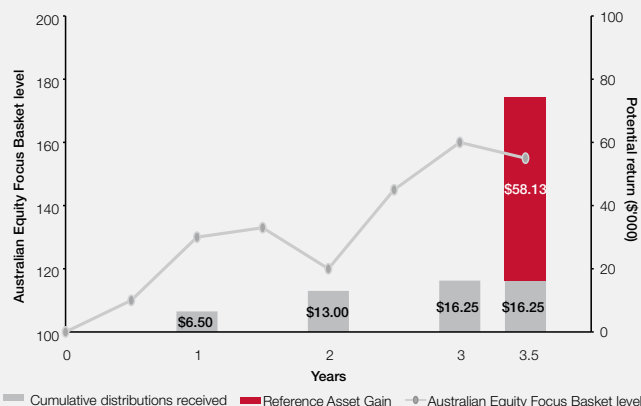
An investor invests in the Australian Equity Focus 3.5 Year Fixed Distribution Class of Flexi 100 with the Australian Equity Focus Basket as their Reference Asset. The investor then holds their investment to Maturity for approximately 3.5 years.

#### Assumptions

- Investor borrows \$100,000 to invest
- Fixed Hurdle of 116.25%
- Fixed Share Performance Cap of 65%
- Australian Equity Focus Basket Initial Investment Level of 100
- Australian Equity Focus Basket Final Investment Level of 155

#### Potential returns

Total Distribution payments received over the term	\$16,250	$\$100,000 \times (6.5\% + 6.5\% + 3.25\%)$
Reference Asset Gain received at Maturity	\$58,125	$\$100,000 \times \left(\frac{155-116.25}{100}\right) \times 150\%$
Total received over the term of the investment	\$74,375	Total Distributions paid over the term and Reference Asset Gain paid at Maturity



The example has been provided for illustrative purposes only, and is not intended to be indicative of the performance of any class of Flexi 100.

The example provides an illustration of how returns will be calculated by applying the relevant calculations to hypothetical examples.

## Product Rulings

The Australian Taxation Office (ATO) has issued Product Rulings<sup>12</sup> PR2010/25 for the Limited Recourse Investment Loan and PR2010/26 for the Full Recourse Investment Loan. The Product Rulings apply to the Investment Opportunities and features outlined in the Product Disclosure Statement dated 13 September 2010.

Please note that Product Rulings do not currently apply to the new Investment Opportunities and features outlined in the Supplementary Product Disclosure Statement dated 6 April 2011. Macquarie Financial Products Management Limited has applied for an Addendum to request that each Product Ruling will also apply to the Supplementary Product Disclosure Statement dated 6 April 2011, however there is no certainty about whether and, if so, when the ATO will issue an Addendum.

If an Addendum to each Product Ruling is issued by the ATO, reference details will be available on our website [macquarie.com.au/flexi](http://macquarie.com.au/flexi).

<sup>12</sup> The Product Rulings PR 2010/25 and PR 2010/26 are only rulings on the application of taxation law and are in no way expressly or impliedly a guarantee or endorsement of the commercial viability of the Macquarie Flexi 100 Trust, of the soundness or otherwise of the Macquarie Flexi 100 Trust as an investment, or of the reasonableness or commerciality of any fees charged in connection with the Macquarie Flexi 100 Trust. The Product Rulings are only binding on the Commissioner of Taxation if the investments in the Macquarie Flexi 100 Trust are implemented in the specific manner provided in the Product Rulings. Investors should refer to the relevant Product Ruling for more information and seek their own tax advice on the application of the Product Ruling to their own specific circumstances.

## Risks

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

- **Reference asset risk:** the risk that the Reference Asset relevant to each Unit Class does not perform well. This could be attributed to recent increased equity market uncertainty, the global economic downturn and recent high levels of volatility in equity markets that can increase this risk
- **Borrowing to invest:** there is a material risk that if, at Maturity, the total value of returns is less than the total interest payments and other costs, then the Investor will have incurred a loss on their investment
- **Creditworthiness of the Counterparties:** the risk that the Counterparties which provide Flexi 100 with exposure to Reference Assets do not meet their obligations
- **Early termination risk:** your exposure to the Reference Asset may be terminated early in a number of circumstances outlined in the PDS. In such circumstances, the Swap Counterparty may seek to terminate the Swap Agreement early. If this occurs investors will be required to repay the Investment Loan and any Interest Loan (with any break costs), investors' units will be redeemed, investors will no longer have exposure to the Reference Asset or an entitlement to any further Distributions and investors 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, there is a risk that AUD:USD foreign exchange rate movements may negatively affect returns from the Units during the investment term
- **Interest deductibility:** The ATO may adopt a position leading to the denial of part or all of an Investor's tax deductions for some or all of their interest expenses in relation to their investment.

An investor's investment may be subject to any additional risks that arise. Accordingly, before an investor invests they should carefully consider the risks outlined in the Risks Section of the PDS and consult their financial adviser.

<sup>13</sup> Capital protection is not guaranteed and is subject to the ability of the Collateral Counterparty, Macquarie Bank Limited (MBL), to meet its obligations under the Collateral Agreement.

<sup>14</sup> This fee is funded by the excess payments received under the Collateral Agreement.

<sup>15</sup> Prepaid interest on an Investment Loan will not be refunded. Investors will be required to pay any amount owing on their Interest Loan (if applicable). If Investors choose to borrow using the Full Recourse Investment Loan option, they may be required to contribute their own money to repay the Investment Loan in the event that MBL, which is counterparty to a Collateral Agreement, fails to meet its obligations. An Investor would be required to meet any shortfall between the value of their Units and the amount outstanding on their Investment Loan.


## At a glance

Key dates	Offer opens: 6 April 2011 Offer closes: 3:00 pm (Sydney time) 30 June 2011 Unit Issue Date: 30 June 2011
Type of investment	Flexible, capital protected <sup>13</sup> investment that offers 100 per cent leveraged exposure to a menu of global market investments
Minimum investment	\$25,000 (\$5,000 per class)
Fees	Upfront Loan Establishment Fee – 2% Responsible Entity Fee – 0.5125% pa <sup>14</sup>
Investment term	5.5 years, 3.5 years and 3 years
Loan options	Full Recourse or Limited Recourse Investment Loan as well as an optional Interest Loan
Income	Fixed or potential variable Distributions paid annually over the investment Term
'Walk-Away'	Investors can withdraw on a quarterly basis irrespective of market movements and without paying any further costs <sup>15</sup>
Who can invest?	Individuals, companies, trusts and SMSFs

## Applications close 30 June 2011

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

 [structuredinvestments@macquarie.com](mailto:structuredinvestments@macquarie.com)

 1800 080 033

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

### IMPORTANT INFORMATION

This information is current as at 6 April 2011 and was prepared by Macquarie Financial Products Management Limited ABN 38 095 135 694, AFSL 237847 (MFPML), the issuer of units in and the responsible entity of the Macquarie Flexi 100 Trust ARSN 129 962 189. An invitation by MFPML dated 6 April 2011 for investors to apply for Units in the Macquarie Flexi 100 Trust to which the Product Disclosure Statement dated 13 September 2010 and Supplementary Product Disclosure Statement dated 6 April 2011 (together, the PDS) relates, is available at [macquarie.com.au/flexi](http://macquarie.com.au/flexi) or by phoning 1800 080 033. The PDS is available from MFPML at [Macquarie.com.au/flexi](http://Macquarie.com.au/flexi) or by phoning 1800 080 033. In deciding whether to acquire or continue to hold an investment in the Macquarie Flexi 100 Trust, investors should obtain a copy of the PDS and consider its contents.

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

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

The loans are offered by Macquarie Specialist Investments Lending Limited ABN 59 125 574 389 (MSIL) and are subject to approval.

MISL, MFPML, Macquarie Bank Limited ABN 46 008 583 542 (MBL) and the Macquarie Group do not give, nor do they purport to give any taxation advice. The taxation discussion in this document is based on current laws, anticipated legislation and Commonwealth announcements at the time of writing. Those laws and level of taxation may change. The application of taxation law to each investor depends on that investor's individual circumstances. Accordingly, investors should seek independent professional advice on taxation implications before making any investment decisions.

Investments in the Macquarie Flexi 100 Trust are not deposits with, or other liabilities of MBL, MFPML, MSIL or of any Macquarie Group company, and are subject to investment risk, including possible delays in repayment and loss of income or capital invested. None of MBL, MFPML, MSIL or other member companies of the Macquarie Group of companies guarantees any particular rate of return, the performance of, or the repayment of capital from the Macquarie Flexi 100 Trust.