



# Macquarie Flexi 100 Trust – Product introduction slides

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# What is the Macquarie Flexi 100 Trust?

The Macquarie Flexi 100 Trust (Flexi 100) provides investors with 100 per cent leveraged indirect exposure to a range of investment opportunities with growth potential and 100 per cent capital protection.

The 'Walk-Away' feature provides the flexibility to redeem prior to Maturity without incurring additional costs such as investment shortfalls or break costs (except where an Interest Loan is taken out).<sup>1</sup>

1. Note that prepaid interest on an Investment Loan will not be refunded. Investors will be required to pay any amounts owing on their Interest Loan (if applicable).

# Flexi 100 – product features



<b>Investment type</b>	100 per cent leveraged exposure to investments with growth potential. Capital protection applies throughout the term.		
<b>Term</b>	3.5 and 5.5 years		
<b>Minimum Investment</b>	\$25,000 (\$5,000 per class)		
<b>Loan Type<sup>1</sup></b>	Limited Recourse Investment Loan	9.10% pa	
	Interest Loan	10.95% pa	
<b>Income</b>	Fixed Distributions paid annually over the investment Term <sup>2</sup>		
<b>Capital Protection</b>	Throughout the entire investment term		
<b>Offer closes</b>	3:00 pm (Sydney time) 23 March 2012		

<sup>1</sup> Indicative loan interest rates for the year ending 30 March 2013

<sup>2</sup> Distributions will be less than interest payments

# Why invest in Flexi 100?

- A way to transition from cash back into potential **growth** assets
- Allows investment exposure to Australian and US markets but with the comfort of capital protection
- Access to a 100 per cent borrowing facility with no margin calls
  - Limited Recourse Investment Loan with an optional Interest Loan
- Ability to earn **income** with fixed distributions<sup>1</sup>
- Different terms for different views or needs
- Available to individuals, **SMSFs**, companies and trusts
- Please refer to the key risks at the end of this presentation

1. Distributions will be less than interest payments.

# Flexi 100 investment opportunities

Investment Opportunity	Reference Asset	Gain Currency <sup>1</sup>
Australian Equity	S&P/ASX 200 Index, 200 leading companies by market capitalisation listed on the ASX	AUD
Australian Equity (No Hurdle)	S&P/ASX 200 Index, 200 leading companies by market capitalisation listed on the ASX. Exposure to returns with the benefit of no Hurdle	AUD
US Equity	S&P 500 Index, 500 leading companies by market capitalisation listed on either the New York Stock Exchange or NASDAQ	USD
Australian Equity Focus	An equally weighted basket of 20 large cap ASX listed Australian shares	AUD

<sup>1</sup> The Reference Asset Gain (for Fixed Distribution Classes) will be determined in this currency, and if in USD, converted to AUD at the time of payment.

# Flexi 100 March 2012 Offer

Fixed Distribution Classes (5.5 Years)	Indicative Performance Cap <sup>1</sup>	Type of Performance Cap	Gain Currency	Distributions and Gain
Australian Equity	Uncapped	Term	AUD	<ul style="list-style-type: none"> <li>Fixed distributions of 4% pa</li> <li>Fixed distribution of 2% at Maturity</li> </ul>
Australian Equity (No Hurdle)	50%	Term	AUD	<ul style="list-style-type: none"> <li>For Australian Equity and US Equity - Gain above Hurdle (22%) at Maturity</li> </ul>
US Equity	Uncapped	Term	USD	<ul style="list-style-type: none"> <li>For Australian Equity (No Hurdle) – Gain above 0% at Maturity</li> </ul>
Fixed Distribution Class (3.5 Years)				
Australian Equity Focus	65% <sup>2</sup> (PR of 150%)	Share	AUD	<ul style="list-style-type: none"> <li>Fixed distributions of 6.5% in years 1 and 2, and 3.25% in year 3</li> <li>Gain above Hurdle (16.25%) at Maturity</li> <li>For the Australia Equity Focus class, at maturity, any positive basket performance above the Hurdle is multiplied by a fixed participation rate of 150%</li> </ul>

<sup>1</sup> Actual Term and Share Performance Caps will be determined on or before the Swap Start Date. See Section 3.2 (for Fixed Distribution Classes of Part I of the PDS for more information.

<sup>2</sup> The Share Performance Cap applied 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 3.2 of Part I of the PDS for more information.



# Flexi 100 worked example one

## Market Increases Fixed Distribution 5.5 Years

### Australian Equity (No Hurdle) Class

**An investor invests in the Fixed Distribution 5.5 Years Australian Equity (No Hurdle) Class and holds the investment to Maturity.**

#### Assumptions

- Interest rate is 9.1% pa each year
- Investor borrows \$100,000 to invest
- Fixed Hurdle of 100%
- Fixed Term Performance Cap of 50%\*
- S&P/ASX 200 Start Level of 4,200
- S&P/ASX 200 Hurdle level of 4,200 (100% x 4,200)
- S&P/ASX 200 Closing Level of 6,400
- Final Investment Level is the lesser of:
  - S&P/ASX 200 Closing Level of 6,400
  - S&P/ASX 200 Capped Level of 6,300 (4,200 + 4,200 x 50%)
- Therefore the Final Investment Level is equal to the capped level of 6,300

#### Potential returns

<b>Total Distribution payments received over the term</b>	\$22,000	$\$100,000 \times (4\% \times 5 + 2\%)$
<b>Reference Asset Gain received at Maturity</b>	\$50,000	$\left( \frac{6300 - 4200}{4200} \right) \times \$100,000$
<b>Total received over the term of the investment</b>	\$72,000	Total distributions paid over the term and Reference Asset Gain paid at Maturity
<b>Total costs over the term (Loan Establishment Fee plus annual interest payments)</b>	(\$52,050)	$\$2,000 + (\$9,100 \times 5.5)$
<b>Net Return over the term of the investment</b>	\$19,950	Total received over the term of the investment less total costs

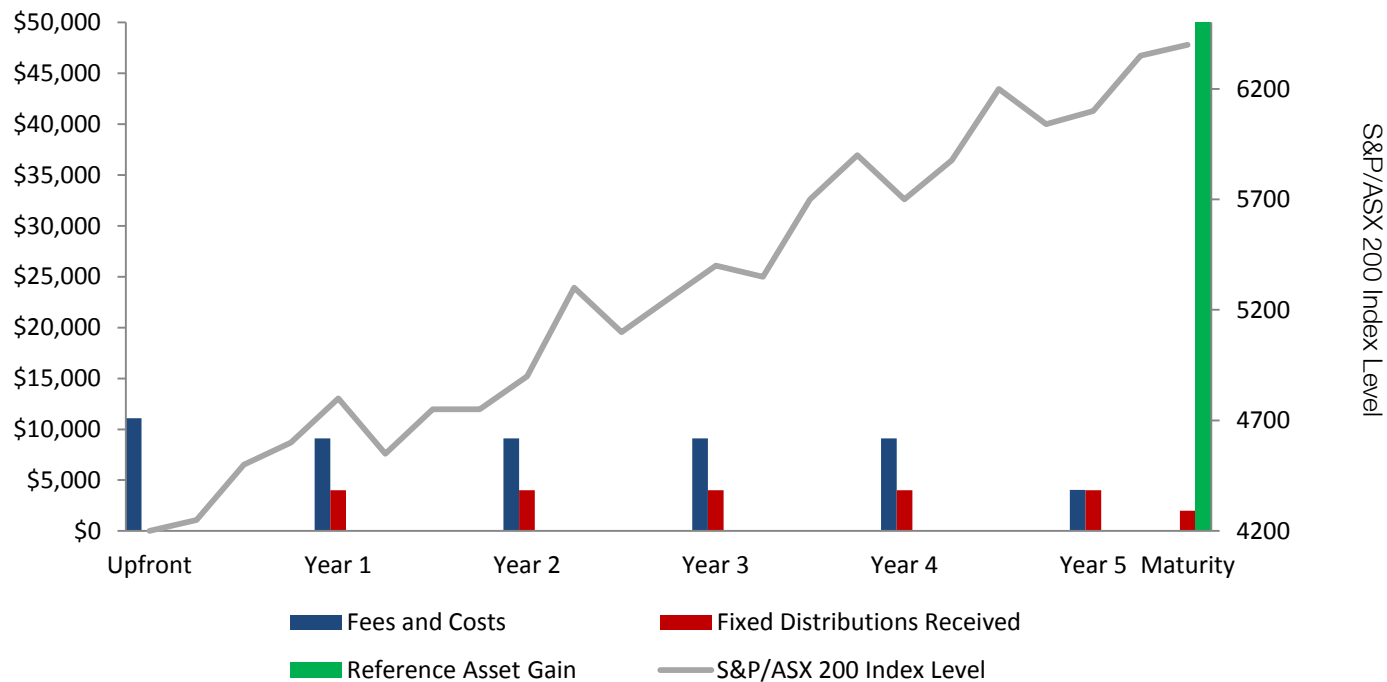
\* The actual Term Performance Cap will be determined as at the Swap Start Date and published at [macquarie.com.au/flexi](http://macquarie.com.au/flexi) and could be lower than the indicative performance cap depending on market conditions at the time, in particular the level and volatility of the Reference Asset.

# Flexi 100 worked example one

## Market Increases Fixed Distribution 5.5 Years

### Australian Equity (No Hurdle) Class

**This graph illustrates the Fixed Distributions Received, Fees and Costs and Reference Asset Gain at Maturity that an investor would receive and incur based on the assumptions in Example one\***



\* This example has been provided for illustrative purposes only, and is not intended to be indicative of the performance of any Unit Class within Macquarie Flexi 100.

# Flexi 100 worked example two

## Market Decreases Fixed Distribution 5.5 Years

### Australian Equity (No Hurdle) Class

**An investor invests in the 5.5 Year Fixed Distribution Australian Equity (No Hurdle) Class and holds the investment to Maturity.**

#### Assumptions

- Interest rate is 9.1% pa each year
- Investor borrows \$100,000 to invest
- Fixed Hurdle of 100%
- Fixed Term Performance Cap is 50%\*
- S&P/ASX 200 Start Level of 4,200
- S&P/ASX 200 Hurdle level of 4,200 (100% x 4,200)
- S&P/ASX 200 Closing Level of 3,900
- Therefore Final Investment Level is 3,900

#### Potential returns

<b>Total Distribution payments received over the term</b>	\$22,000	$\$100,000 \times (4\% \times 5 + 2\%)$
<b>Reference Asset Gain received at Maturity</b>	\$0	Closing Level of the S&P/ASX 200 has fallen below Hurdle Level. Therefore no gain at Maturity
<b>Total received over the term of the investment</b>	\$22,000	Total distributions paid over the term and Reference Asset Gain paid at Maturity
<b>Total costs over the term (Loan Establishment Fee plus annual interest payments)</b>	(\$52,050)	$\$2,000 + (\$9,100 \times 5.5)$
<b>Net Return over the term of the investment</b>	(\$30,050)	Total received over the term of the investment less total costs

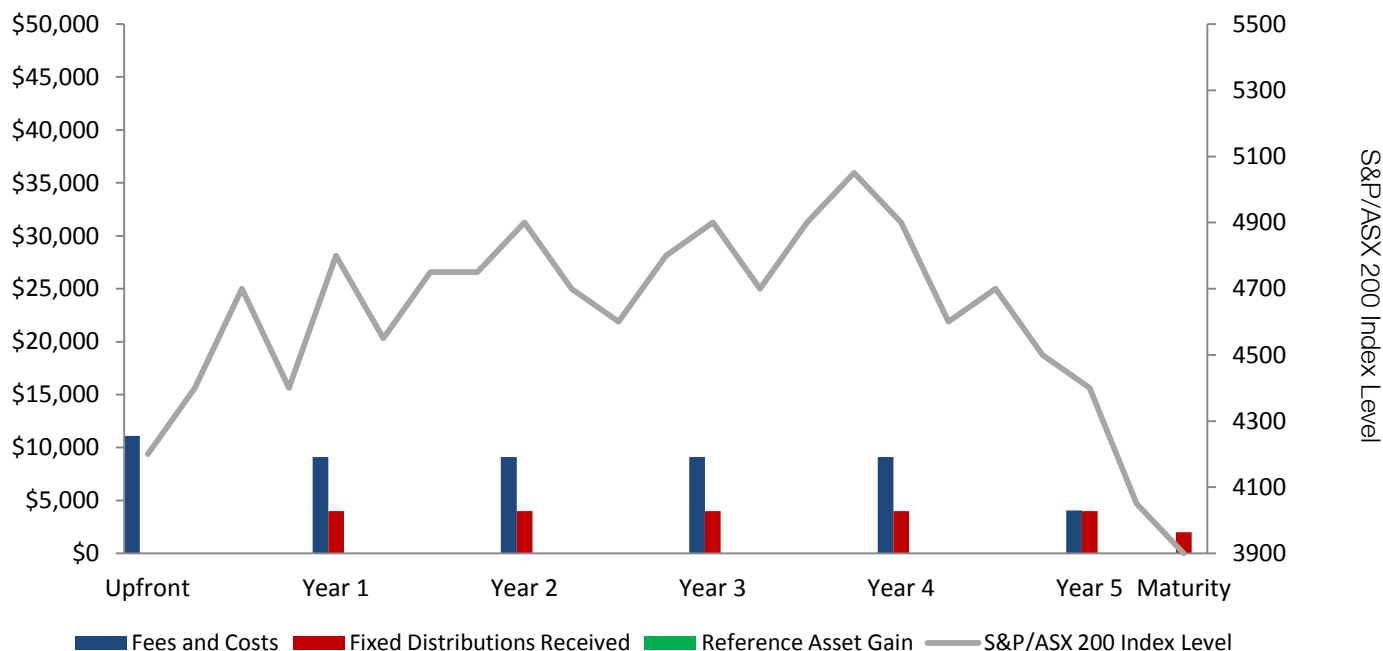
\* The actual Term Performance Cap will be determined as at the Swap Start Date and published at [macquarie.com.au/flexi](http://macquarie.com.au/flexi) and could be lower than the indicative performance cap depending on market conditions at the time, in particular the level and volatility of the Reference Asset.

# Flexi 100 worked example two

## Market Decreases Fixed Distribution 5.5 Years

### Australian Equity (No Hurdle) Class

**This graph illustrates the Fixed Distributions Received, Fees and Costs and Reference Asset Gain at Maturity that an investor would receive and incur based on the assumptions in Example two\***



\* This example has been provided for illustrative purposes only, and is not intended to be indicative of the performance of any Unit Class within Macquarie Flexi 100.

# Key risks

There are some key risks which investors in Flexi 100 should be aware of, including:

- **Poor performance risk:** your investment in Flexi 100 will be adversely affected if the Reference Asset performs poorly. The current global economic downturn and high levels of volatility in equity and other markets increases the risk that the relevant Reference Asset does not perform well enough for you to make a gain on your investment
- **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 the 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.
- **Interest deductibility** – the Australian Tax Office 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.
- **Foreign exchange risk:** for the US Equity Class there is a risk that AUD:USD foreign exchange rate movements may negatively affect returns from the Units during the investment term

An investor's investment may be subject to any additional risks that arise. Before an investor invests they should carefully consider the risks described in the PDS.