

MACQUARIE FUNDS GROUP

MACQUARIE INTERNATIONAL INFRASTRUCTURE SECURITIES
FUND



MACQUARIE

PRODUCT DISCLOSURE STATEMENT

Dated 31 January 2009

Issuer: Macquarie Investment Management Limited
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Investments in the Macquarie International Infrastructure Securities Fund (the Fund) are not deposits with or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 or any member of the Macquarie Group and are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Macquarie Bank Limited nor any member of the Macquarie Group guarantees the performance of the Fund or the repayment of capital from the Fund or any particular rate of return.

Macquarie Investment Management Limited (Macquarie, we, us, our), as the issuer of this Product Disclosure Statement (PDS), invites you to invest in the Fund. This offer is only open to persons receiving this PDS as a hard copy or electronically within Australia.

This PDS contains general advice only and has been prepared without taking into account any investor's objectives, financial situation or needs. Investors should read the PDS carefully and assess whether the information is appropriate for them in respect of their objectives, financial situation and needs. We encourage investors to talk to a financial adviser before making an investment decision.

In this PDS, an administration service or an investor directed portfolio service such as a master trust, wrap account or nominee service is referred to as an 'IDPS'. The trustee or operator of the IDPS is referred to as an 'IDPS operator'.

We consent to the use of this PDS by IDPS operators that include the Fund on their investment menus.

If you are printing an electronic copy of this PDS, you must print all pages including the application form. If you make this PDS available to another person, you must provide them with the entire electronic file or print out, including the application form. The information in this PDS may change from time to time. Where information that changes is not materially adverse to investors, we will update this information by publishing changes on our website at www.macquarie.com.au/updatedinformation. A paper copy of this PDS (and any supplementary documents or updated information) can also be obtained free of charge on request by calling 1800 814 523.

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Fund features at a glance

The table below is a summary of the key features of the Macquarie International Infrastructure Securities Fund and a guide to where more detailed information can be found in this PDS.

| About the Fund | | Page |
|---|---|------|
| What type of investment is this? | A registered managed investment scheme. | 04 |
| Who is the responsible entity of the Fund? | Macquarie Investment Management Limited. | 04 |
| Who is the investment manager of the Fund? | Macquarie Investment Management Limited. | 04 |
| What is the Fund's objective? | The Fund seeks to provide investors with a return comprising both income and capital growth by investing in a portfolio of infrastructure securities on a global basis. The Fund aims to outperform the Macquarie Global Infrastructure Total Return Index (\$A Hedged) (Index) over the medium to long term. | 04 |
| Commencement date of the Fund | 29 September 2005. | |
| What is the suggested minimum investment timeframe? | Five years. | 04 |
| What does the Fund invest in? | The Fund can invest in globally listed or expected to be listed infrastructure securities issued by entities that have as their primary focus (in terms of income and/or assets) the management, ownership and/or operation of infrastructure and utilities assets. | 05 |
| Is the currency exposure hedged? | The Fund hedges its foreign currency exposure to \$A. | |
| Can the Fund borrow? | No. | |
| Minimum transaction and balance requirements | | |
| Direct investors | | 16 |
| Minimum initial investment | \$20,000 | |
| Minimum additional investment | \$10,000 | |
| Minimum balance | \$10,000 | |
| Indirect investors | We suggest you contact your IDPS operator for minimum transaction and balance requirements. | |
| Fees | | |
| Entry fee (referred to as a 'contribution fee') | No entry fee is payable. | 09 |
| Management fee | 1.0 % pa of the Fund's gross asset value. This deduction reduces the Fund's assets and is reflected in the Fund's unit price. | 09 |
| Performance fee | 10% of the return of the Fund (after the management fee and expenses) above the Index return, subject to a high watermark. This is calculated on the net asset value of the Fund. It is accrued daily and payable six monthly in arrears after 30 June and 31 December each year. This deduction reduces the Fund's assets and is reflected in the Fund's unit price. | 12 |
| Exit fee (redemptions fee) | No exit fee is payable. | 09 |
| Switching fee | No switching fee is payable. | 10 |
| Normal expense recovery estimate | 0.12% pa of the Fund's gross asset value. This deduction reduces the Fund's assets and is reflected in the Fund's unit price. | 10 |

| Fees (continued) | | Page |
|---|---|------|
| Buy/sell spread | <p>Our estimate in normal market conditions is +0.30% of unit price for applications and –0.25% of unit price for redemptions.</p> <p>However, in stressed or dislocated markets, the buy/sell spread may be significantly higher. From time to time, we may vary the buy/sell spread without notice to reflect changing market conditions.</p> | 12 |
| Risks | | |
| <p>There are a number of risks that may affect the value of your investment. At the date of this PDS, some of the key risks include, but are not limited to, the following:</p> | <p>Volatility risk. The price of the Fund's investments or the unit price of the Fund itself may go up and down by a material amount, even over a short period of time. Recently equity markets have generally fallen and have become more volatile; indeed volatility in some markets is at very high levels. Investing in such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider this additional volatility risk before making any investment in the Fund.</p> <p>Infrastructure sector risk is the potential for adverse events in the global infrastructure market to impact the performance and returns of this Fund. The investment style of this Fund will result in a concentrated group of investments focused on gaining exposure to companies related to the infrastructure sector.</p> <p>Concentration risk is the risk that poor performance in a group of stocks common to a particular region, industry, or other grouping, will significantly affect the performance of the Fund. Whilst the Fund seeks diversification this risk is pertinent as the Fund will seek to focus investments in companies within the infrastructure sector.</p> <p>For a full description of these and some other significant risks please see section entitled 'Risks' which begins on page 7. You should read the risks section in full and seek your own professional advice in relation to an investment in the Fund.</p> | 07 |
| Distributions | | |
| Frequency | Normally quarterly. | 19 |
| Unit pricing | | |
| Frequency | Normally daily. | 19 |

Fund features at a glance (cont'd)

| Cooling off period | | |
|--------------------|--|----|
| Direct Investors | <p>If you are a Retail Client (as defined in the Corporations Act) and invest directly into the Fund but decide the Fund is not suitable, you may request a redemption of your units during the 14 day cooling off period.</p> <p>The cooling off period commences when you receive your transaction confirmation or five business days after your units are issued, whichever is earlier.</p> | 16 |
| Indirect Investors | <p>You should consult your IDPS operator about any cooling off rights you may have.</p> | |
| Contact details | | |
| Mail | <p>PO Box R1723 Royal Exchange NSW 1225</p> | |
| Telephone | <p>Client Service 1800 814 523</p> | |
| Fax | <p>61 2 8232 4730</p> | |
| Email | <p>mfg.clientservice@macquarie.com</p> | |
| Website | <p>www.macquarie.com.au/mfg</p> | |

About the Fund

The Macquarie International Infrastructure Securities Fund (the Fund) provides access to a portfolio of global listed infrastructure securities (including subscribing to an IPO), invested across developed and emerging market countries and across various infrastructure sectors.

The Fund aims, over the medium to long term, to outperform the Macquarie Global Infrastructure Total Return Index (\$A Hedged) and to provide income with capital growth. The Fund hedges its foreign currency exposure to Australian dollars.

The Fund is managed by Macquarie Investment Management Limited (Macquarie, we, us, our), which is part of Macquarie Funds Group, a division of the Macquarie Group.

About Macquarie

We are a full service fund manager with over 25 years experience. We offer a diverse range of products including managed funds across a wide range of asset classes, funds-based structured products, hedge funds and fund of funds.

The Macquarie Group is a world leader in the infrastructure asset management sector, with significant experience in the assessment and valuation of infrastructure assets and experience with the operational and regulatory risks faced by entities that own, operate or manage infrastructure assets. This Fund seeks to leverage this experience to invest, on a global basis, in predominantly non-Macquarie related entities that own, operate or manage infrastructure assets.

Our investment team is also mandated to manage, using a similar investment strategy and process, over \$2 billion as at 31 January 2009 globally for clients including two New York Stock Exchange listed funds.

What are infrastructure assets?

Infrastructure assets are an underlying foundation of basic services, facilities and institutions upon which the growth and development of a community depends. Infrastructure issuers typically provide the necessities of everyday life, such as: water and sanitation, roads, airports, seaports, gas, electricity, hospitals, schools and other social services.

The key features of infrastructure assets include:

Essential services: Many infrastructure issuers are the sole providers of an essential product or service (eg, water/wastewater, power and transportation services) to a segment of the population, and often retain this characteristic for an extended period of time.

Monopolistic: Many infrastructure assets are monopolistic or near-monopolistic in nature, thereby providing a strategic competitive advantage.

Fixed and regulated returns: Monopoly-type market environments may provide access to predictable returns through regulation or long-term contracts.

Fixed cost base: Once an infrastructure asset is developed, ongoing operational-maintenance expenditure may be relatively low and stable. As a result, increases in revenue may not result in proportionate increases in operating expenditure, thereby increasing free cash flow.

Relatively inelastic demand: Demand for infrastructure-related products or services is often linked to underlying economic or demographic growth and may be more stable and less sensitive to changes in price compared with other products or services.

Inflation linkage: The underlying revenue of infrastructure assets may be linked to inflation, sometimes directly through a regulatory framework or through concession agreements linking price growth to inflation.

Long-life assets: Infrastructure assets may have long economically useful lives and may operate under long-term concessions/agreements.

Investment strategy

Macquarie believes that a systematic fundamentals-based approach to identifying long-term value in infrastructure companies will produce superior investment performance. Macquarie's specialist infrastructure securities investment team analyses infrastructure companies to determine the quality of the infrastructure assets that are owned, operated or managed by these companies and that therefore underpin these companies' cash flow and growth.

Macquarie has a four stage investment process:

1. Initial Screening

In evaluating the infrastructure sector, the investment team is able to draw on the infrastructure expertise of the Macquarie Group, as well as others, to analyse country, political and industry factors that will impact the value of infrastructure securities. An assessment of individual securities is made on the basis of a range of factors including: business mix, yield sustainability, return profile, liquidity and volatility.

2. Security Selection

Detailed modeling of future cashflows and profitability of individual securities is carried out by the investment team. This includes analysis of the company's capital structure and long term return on equity and

assessment of company management and its strategic direction. Preference is given to securities with regulated and user-demand assets rather than assets within competitive markets.

3. Portfolio Management

The portfolio is constructed with the aim of reducing risk by diversifying across geographic regions, infrastructure sectors and securities.

4. Investment Monitoring and Revaluation

The investment team conducts ongoing analysis of all available and relevant information including real time tracking of price changes on a daily basis. A security may be sold if it becomes materially overvalued or there are changes to the underlying investment characteristics.

The Index

The Macquarie Global Infrastructure Total Return Index (\$A Hedged) is calculated by global index provider FTSE Group (FTSE) and comprises around 240 companies principally involved in the management, ownership or operation of infrastructure and utility assets. The index has been designed to reflect general trends in all eligible infrastructure stocks world-wide.

FTSE® is a registered trade mark jointly owned by the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited under licence. The Macquarie Global Index Series is calculated by FTSE. FTSE does not sponsor, endorse or promote this product and is not in any way connected to it and does not accept any liability in relation to its issue, operation and trading.

Ethical investments

Our investment decisions are primarily based on economic factors and we do not specifically take into account labour standards or environmental, social or ethical considerations. However, these considerations may be taken into account if they have the potential to materially affect the value of the investment, but no specific methodology is applied.

What the Fund invests in

The Fund can invest in listed or expected to be listed global securities issued by entities that have as their primary focus (in terms of income and/or assets) the management, ownership and/or operation of infrastructure and utilities assets. The Fund predominantly invests in equity securities and can also invest in hybrid or debt securities issued by infrastructure entities. The Fund may also invest in derivatives, primarily for currency hedging and other risk purposes.

Exposure to securities issued by vehicles controlled or managed by the Macquarie Group will generally be limited to 15% of the gross asset value of the Fund (at the time of investment).

Fund performance

Performance history and Fund size information can be obtained from:

- > www.macquarie.com.au/performance;
- > Client Service on 1800 814 523, 8.30am to 6.00pm Sydney time, Monday to Friday; or
- > your IDPS operator and financial adviser.

To calculate the performance of the Fund, we comply with the standards set by the Investment and Financial Services Association (IFSA). Performance figures are calculated before tax and after deducting ongoing fees and expenses, using redemption prices, assuming that income is reinvested and that the investment is held for the full period. The performance figures are historical and past performance is not necessarily an indication of future performance. Returns can be volatile, reflecting rises and falls in the value of the underlying investments.

If you are investing through an IDPS, the net performance of your investment in the Fund may be different from the information we publish, due to cash flows specific to your portfolio and any fees charged by the IDPS operator.

The benefits

The Fund offers investors:

- > In general, managed funds (including this Fund) have certain advantages. They can:

The risks

Prospective investors should give careful consideration to the factors set out below in evaluating the merits and suitability of an investment in the Fund. The following does not purport to be a comprehensive summary of all of the risks associated with an investment in the Fund.

There are risks associated with any investment. Generally, the higher the expected return of an investment, the higher the risk and the greater the variability of returns and the risk of loss of capital. Macquarie's risk management objective is to deliver risk/return outcomes in line with our clients' expectations. However, we cannot provide assurances or guarantees on future Fund returns, distributions and return of capital.

As well as considering the risks below, you should also consider how an investment in this Fund fits in to

your overall investment portfolio. By diversifying your investment portfolio, you may reduce your exposure to failure or underperformance of any one investment, manager or asset class. You should seek your own professional advice on the appropriateness of this investment to your circumstances.

Volatility risk. The price of the Fund's investments or the unit price of the Fund itself may go up and down by a material amount, even over a short period of time. Recently equity markets have generally fallen and have become more volatile; indeed volatility in some markets is at very high levels. Investing in such highly volatile conditions implies a greater level of risk for investors than an investment in a more stable market. You should carefully consider this additional volatility risk before making any investment in the Fund.

Infrastructure sector risk is the potential for adverse events in the global infrastructure market to impact the performance and returns of this Fund. The investment style of this Fund will result in a concentrated group of investments focused on gaining exposure to companies related to the infrastructure sector. Factors such as the availability and cost of finance, the level of usage of assets in general as well as in comparison to prior periods, the level of supply of suitable infrastructure projects, prevailing interest rates and government regulations relating to infrastructure may influence the value of these investments and hence this Fund.

Concentration risk is the risk that poor performance in a group of stocks common to a particular region, industry, or other grouping, will significantly affect the performance of the Fund. Whilst the Fund seeks diversification this risk is pertinent as the Fund will seek to focus investments in companies within the infrastructure sector.

Sovereign risk is the risk of a government invoking policy or regulation that changes the established rights of private sector companies. There is a further risk that a government may prevent or limit the repatriation of foreign capital or the availability of legal redress through the courts. There is also the risk of government intervention in the operation of financial markets, for instance a forced closure of markets. Such intervention may impact the value of any investments the Fund holds that have an exposure to or operations within the affected country.

Foreign investment risk exists for those securities which are listed on foreign stock exchanges, as well as investments in securities of Australian companies which have international operations. This risk exposes the investments of the Fund to a range of macroeconomic factors to the country of investment/operation, and may include factors such as political instability, differing tax or legal rulings and potentially rapid changes in asset prices (particularly for emerging economies).

Company specific risk is inherent in a particular stock's performance due to factors that are specific to that company. These factors may cause a stock's return to differ from that of the market. While actively managed funds seek exposure to this risk in order to attempt to outperform the market, this exposure can also lead to underperformance.

Market risk refers to the potential for changes in share prices generally to result in the loss in the value of your investment in the Fund. This Fund primarily invests in securities that provide exposure to companies listed on share markets around the world and as a result is exposed to movements in their share prices. Factors that drive changes in share prices may include changing profitability of companies and the sectors and markets in which they operate, economic cycles, credit conditions, volume of share issuance, investor demand levels, business confidence and government and central bank policies.

Hybrid and debt securities risk exists for this Fund as it may invest in hybrid or debt securities issued by relevant infrastructure entities. A change in factors such as market yields, domestic and international interest rates, perceptions of the credit risk premium associated with certain securities and their issuers, the conversion terms of the particular hybrid security held, supply and demand pressures, global views on the value within a sector and the maturity of each security may influence the value of such securities and hence your investment in the Fund.

Currency risk is the risk that fluctuations in exchange rates between the Australian dollar and foreign currencies may impact the value of the Fund's investments. This risk exists for investments in securities which are listed on foreign stock exchanges, as well as investments in securities of Australian companies which derive a portion of their income from outside of Australia. The Fund seeks to reduce this risk by hedging its currency exposure.

Counterparty risk is the risk of loss due to a counterparty not honouring a financial commitment. Counterparties to this Fund may include issuers of the securities which the Fund invests in, the Custodian which holds the assets of the Fund, issuers of debt securities, derivative brokers and counterparties to transactions involving instruments such as swaps and foreign exchange derivatives. Default risk is generally greater for counterparties or issuers with lower credit ratings.

Liquidity risk exists when particular investments are difficult to purchase or sell, preventing a fund from closing out its position or rebalancing within a timely period and at a fair price. While every effort is made for the Fund to be able to satisfy all redemption requests, however in certain circumstances, we may not be able to meet all redemption requests when they are received.

Emerging market risk refers to the potential for the Fund to invest in securities which are listed on the exchanges of emerging economies, as well as investing in companies which are located or have operations within such markets. Emerging markets are typically more volatile than developed markets and may expose the Fund to issues such as heightened political risk, securities whose valuations fluctuate widely, sovereign intervention and the potential for domestic economic management to impact on the viability of infrastructure-based operations within that market.

Derivative/leverage risk. Derivatives are leveraged instruments that are used to obtain or reduce market exposures. As the market value of derivatives is variable, gains or losses can be incurred and can be greater than positions in unleveraged instruments. The Fund may utilise derivatives in order to achieve its investment objectives. To reduce the risks of leverage, we ensure that short derivatives positions are backed by a matched amount of similar physical assets and long derivatives positions are backed by a matched amount of liquid assets such as cash equivalents.

Investment objective risk is the risk that an investor's objectives will not be met by their choice of investments. This Fund offers exposure specifically to the infrastructure sector which may not meet every investor's needs.

Fees and other costs

The information in the tables below is required by law and is designed to help you better understand the fees and costs associated with the Fund.

Did you know?

Small differences in both investment performance and fees and costs can have 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 Macquarie 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.

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from the returns on your investment or from the Fund's assets as a whole. Taxes are set out in the Tax section of this PDS. You should read all of the information about fees and other costs, as it is important to understand their impact on your investment.

| Type of fee or cost | Amount | How and when paid |
|---|--|--|
| Fees when your money moves in or out of the Fund You may also incur a buy/sell spread ¹ when your money moves in or out of the Fund. | | |
| Establishment fee The fee to open your investment. | Nil | Not applicable |
| Contribution fee The fee on each amount contributed to your investment. | Nil | Not applicable |
| Redemption fee The fee on each amount you take out of your investment. | Nil | Not applicable |
| Termination fee The fee to close your investment. | Nil | Not applicable |
| Management costs | | |
| The fees and costs for managing your investment² | <p>Management fee³ 1.0% pa of the net asset value (inclusive of the net impact of GST);</p> <p>PLUS</p> <p>Performance fee 10% of the return of the Fund (after the management fee and expenses) above the Index return, subject to a high watermark. This is calculated on the net asset value of the Fund.</p> | <p>The management fee accrues daily and is payable quarterly in arrears. This deduction reduces the Fund's assets and is reflected in the Fund's unit price.</p> <p>If payable, the performance fee accrues daily and is payable in arrears every six months on 30 June and 31 December. This deduction reduces the Fund's assets and is reflected in the Fund's unit price.</p> |

| Management costs (cont'd) | Amount | How and when paid |
|---|--|---|
| | PLUS Normal expense recovery estimate 0.12% pa of gross asset value of the Fund. | Where applicable, these costs are generally paid when incurred. This deduction reduces the Fund's assets and is reflected in the Fund's unit price. |
| Service fees⁴ | | |
| Switching fee This is the fee for when you switch between investment options. You may also incur a buy/sell spread when switching between investment options. | Nil | Not applicable |

¹ See 'Buy/sell spread' under section Additional explanation of fees and costs.

² Additional fees may apply, as well as the abnormal expense recovery – see section Additional explanation of fees and costs.

³ For sophisticated and professional investors, the amount of this fee can be negotiated. See Differential fees under section Additional explanation of fees and costs.

⁴ See 'Adviser service fee' under section Additional explanation of fees and costs.

All fees in the above table are shown inclusive of GST, net of Reduced Input Tax Credits (RITCs).

Example of annual fees and costs of the Fund

This table provides an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare the Fund with other managed investment products. The example assumes an account balance of \$50,000 invested in the Fund, assuming no variation in the value of your investment over this period. In practice:

- > the actual fee we charge is based on the value of your investment;
- > your investment balance and the value of the Fund will vary daily;
- > the management fee is included in the Fund's return and is not an additional charge to you.

| Example | | Balance of \$50,000 with total contributions of \$5,000¹ during year |
|---|----------------------------|---|
| Contribution fees ² | Nil | For every additional \$5,000 you put in, you will not be charged a contribution fee. |
| PLUS management costs (management fee plus normal expense recovery but not including the performance fee) ³ | 1.0% + 0.12% = 1.12% pa | And , for every \$50,000 you have in the Fund, you will be charged \$560 each year. |
| EQUALS cost of Fund | | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you will be charged fees of \$560 ³ . What it costs you will depend on the fees you may be able to negotiate with us. |

¹ We are required to use examples based on an additional contribution of \$5,000. However, please note that the minimum additional investment amount for the Fund is \$10,000.

² You may also incur a buy/sell spread when your money moves in or out of the Fund. See 'Buy/sell' spread' under section Additional explanation of fees and costs.

³ Additional fees may apply, as well as the abnormal expense recovery.

Additional explanation of fees and costs

Performance fee

We also charge a fee based on the Fund's performance over the Index, subject to a high watermark.

Details of the fee structure are contained in the Fund's constitution.

In general terms:

1. Each day, the performance of the Fund since the inception date is compared with the performance of the Index since the inception date of the Fund. 'Performance' is calculated after the deduction of the management costs (paid or accrued) but before the deduction of performance fees and disregards any applications in and redemptions out of the Fund. The positive difference is referred to as 'outperformance'.
2. A 'high watermark' is then set each time the level of outperformance exceeds the previous highest level of outperformance since inception of the Fund.
3. The amount by which the Fund outperformance on a day exceeds the current high watermark (if any) ("Difference") is then calculated.
4. If the current high watermark is exceeded on a day, a performance fee of 10% of the Difference is then accrued. That is, the Fund must outperform the current high watermark before a performance fee is accrued. The performance fee is calculated daily and payable semi-annually.
5. However, if the current high watermark is not exceeded, no performance fee is deducted at all, even if the Fund performance has exceeded the Index performance on that day.

| Example | Balance of \$50,000 |
|--|--|
| On a day, the Fund performance since inception is compared with the Index performance since inception and there is no 'outperformance'. | No performance fee is payable. |
| On a day, the Fund performance since inception, when compared with the Index performance since inception, has outperformed the Index. However, the Fund outperformance since inception is less than the previous highest level of outperformance since inception of the Fund (the 'high watermark'). | No performance fee is payable. |
| On a day, the outperformance of the Fund exceeds the last high watermark by 2%. In addition, the Fund performance has exceeded the Index performance since the last high watermark was set. | $10\% \times 2\% \times \$50,000 = \100.00 |

These examples are provided for illustrative purposes only and do not represent any actual or prospective performance of the Fund. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund.

It is not possible to estimate the actual performance fee payable in any given period, as we cannot accurately forecast what the performance of the Fund will be.

For further details regarding the calculation of performance of the Fund, please see page 6.

Buy/sell spread estimate

There is a difference between the application and redemption price quoted on any business day, referred to as the 'buy/sell spread'. To ensure that existing investors do not bear the transaction costs resulting from the applications or redemptions made by other investors, we charge investors the buy/sell spread when they transact, except in certain circumstances (see below). The buy spread is added to the Net Asset Value per unit when units are applied for to reflect the estimated transaction costs of acquiring the underlying investments.

The sell spread is subtracted from the Net Asset Value per unit when units are redeemed to reflect the estimated transaction costs of disposing of the underlying investments.

It is important to note that the spreads are a transaction cost payable by you and retained by the Fund. The spreads are not a payment to Macquarie as manager. Further, the buy spread will not necessarily be the same as the sell spread.

In calculating this spread, we take into account the estimated transaction costs which, in our view, are applicable from time to time. These transaction costs may comprise brokerage, stamp duty, foreign exchange hedging and the buy/sell spreads (being the difference between the bid and offer prices) on exchange traded and non-exchange traded transactions.

The example below is based on an application or redemption of \$50,000 and an estimated buy spread of 0.30% and sell spread of 0.25%, which is indicative of an estimated spread in normal trading conditions. This may not be the applicable spread at the time of your application or redemption of units:

| | Buy /sell Spread | Cost |
|--------------------|------------------|----------|
| Application | + 0.30% | \$150.00 |
| Redemption | - 0.25% | \$125.00 |

The size of the buy/ sell spread may be varied from time to time without notice, to ensure that non-transacting investors are not adversely impacted by the application or redemption by other investors. For example, a different amount or estimate may apply when brokerage costs or the difference between the bid and offer prices for assets change.

In stressed or dislocated market conditions, the buy/sell spread may increase significantly. Any revised spread will be applied uniformly to transacting investors while that spread applies.

To obtain the current buy/sell spreads applicable to an application or redemption from the Fund, please visit: www.macquarie.com.au/daily_spreads.

In addition we may at our discretion reduce the buy/sell spread where:

- > there is a simultaneous purchase and redemption of units of equivalent value by different investors; or
- > an investor subscribes assets (rather than cash) on an application or receives assets (rather than cash) on a redemption.

Reinvested distributions do not incur the buy/sell spread.

Maximum fees we are allowed to charge

The constitution of the Fund provides for the following maximum fees (exclusive of the net effect of GST):

- > a maximum entry fee (referred to in this PDS as a 'contribution fee') of 5.0% of the application amount;
- > a maximum exit fee (referred to in this PDS as a 'redemption fee') of 5.0% of the amount withdrawn;
- > a maximum management fee of 5.0% pa of the value of the investment;
- > a maximum switching fee of 5.0% of the value of the investment switched;
- > a maximum performance fee rate of 25%, payable on any outperformance over the Index.

Expense recoveries

The constitution of the Fund allows all properly incurred expenses to be recovered directly from the Fund and does not place any limit on the amount of such expenses that we can recover from the Fund.

Normal expenses include custody fees, registry costs, compliance committee costs, audit, accounting fees, tax consulting fees, postage and printing costs. We estimate that these will be 0.12% pa of gross asset value of the Fund.

We are also entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of unitholder meetings, defending legal proceedings, special valuation of assets and the costs of terminating the Fund. These abnormal expenses are not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any year. However, we would not pay these abnormal expenses out of the management fee, if they arise, we reserve our right to deduct these expenses from the Fund.

Additional services and charges

We can recover from you certain 'user pays' costs for additional services provided at your request or incurred in connection with your particular investment, such as paying redemption proceeds by bank cheque, telegraphic transfer or real time gross settlement (RTGS), and dealing with overseas bank drafts. You agree that we can redeem your units as required to recover the costs we incur on your behalf. These costs represent the standard bank charges we incur and are not a fee paid to us. Currently, these costs are as follows. They may change without notice to you.

| Service | Charge (includes GST if applicable) |
|----------------------|--|
| Bank cheque | \$7.50 |
| Telegraphic transfer | \$35.00 |
| RTGS | \$5.00 for transactions up to \$500,000 and free for transactions of \$500,000 and above |
| Overseas bank draft | \$20.00 |

Adviser service fee

You may agree to pay your adviser a fee for any financial advice that they provide to you. However, these are separate to any fees we charge in respect of your investment in the Fund, as set out in the table on page 9.

Commissions and soft dollar payments

We do not pay any commissions to your financial adviser. However, the dealer group to which your adviser belongs and your IDPS operator may receive certain payments or other non-monetary benefits from us, such as business and technical support, professional development and entertainment. The provision of such benefits is governed by our Soft Dollar Policy.

These payments and benefits are not an additional cost to you.

We also maintain a register in compliance with the Industry Code of Practice on Alternative Forms of Remuneration summarising alternative forms of remuneration that are paid or provided to advisers. If you would like to review this register, please contact Client Service on 1800 814 523, 8.30am to 6.00pm Sydney time, Monday to Friday.

Differential fees

We may negotiate reduced management fees and performance fees as permitted by the Corporations Act and ASIC relief, for example, we negotiate reduced fees with sophisticated and professional investors, as defined

in the Corporations Act, including IDPS operators. There is no set manner or method of negotiating fees. For further information please contact Client Service.

Related party transactions

In the execution of transactions, we deal with professional organisations that may include Macquarie Group Limited or its associated companies (Macquarie Group). All transactions are conducted on arm's length terms. We can also trade the Fund's investments with Macquarie Group where we believe the investments are in the best interest of investors. These organisations may receive commissions at prevailing market rates for the execution of transactions. Any conflict of interest or potential conflict of interest is managed in accordance with our Conflict of Interest Policy.

The Fund may invest in a number of other funds of which we act as responsible entity. In these circumstances you will only be charged management fees and performance fees (if any) once. Where another Macquarie Group company manages the underlying fund(s) you may be charged their management fees and performance fees which will be reflected in the Fund's return.

Other related party issues

Macquarie Group is a global provider of banking, financial, advisory, investment and funds management services. Macquarie's main business focus is generating returns by providing a diversified range of services to clients. Macquarie acts on behalf of institutional, corporate and retail clients and counterparties around the world. Macquarie Investment Management Limited, as responsible entity and manager of the Fund, generally has no control over these activities. As a result, from time to time the Fund's activities may be restricted, for example due to regulatory constraints applicable to the Macquarie Group, and/or its internal policies designed to comply with such constraints. In addition, where, due to such constraints there is limited capacity to acquire particular securities, the Fund will not have priority over any member of, or any Fund associated with, the Macquarie Group to acquire those securities.

Change to fees and expenses

We may increase the fees and expenses referred to above or introduce new fees, for example, if economic conditions or the law changes.

We will provide at least 30 days' notice to you of any proposed increase in fees and expenses or introduction of new fees. This notice period should give you sufficient time to withdraw from the Fund if so desired. We cannot charge more than the constitution allows, unless we obtain investors' approval to do so.

Tax

Income tax

As all taxable income of the Fund (including any assessable capital gains) is distributed, no tax is payable by the Fund under present income tax legislation.

Taxable income distributed, including reinvested distributions, forms part of the assessable income of investors in the year of entitlement.

Tax position of resident investors

Capital Gains Tax (CGT)

An investor's assessable income for each year includes any net capital gains (ie, after offsetting capital losses). There are two sources of capital gains tax on an investment in units:

1. Capital gains tax may be payable on part of the distribution made in respect of units from the Fund on the basis that the assets in the Fund are held on capital account. The Fund does not make allowance in the unit price for any tax on unrealised net gains accruing when investments are re-valued. As a result, investors should be aware that they may be liable for capital gains tax arising from the sale of assets where unrealised gains arose before they bought their units.

At the time of writing this PDS, the Australian Taxation Office proposes to issue a tax ruling expressing the ATO's view as to whether assets held by trusts should be characterised as being held on capital or revenue account. In the event that assets held on capital account are later regarded as being held on revenue account, additional taxation may arise to investors in respect of the distribution of such gains. Once the final ruling is released, the Fund will review the tax treatment of its asset holdings and advise investors of any change.

The distribution by the Fund of non taxable amounts (if any) may give rise to cost base adjustments to an investor's units for CGT purposes. Such cost base adjustments may result in either increased capital gain or reduced capital loss on the subsequent disposal of units in the Fund.

2. Capital gains tax may be payable when units are redeemed from the Fund (assuming the investor holds the units on capital account). Concessions may be available depending on how long the units have been held. Where the units have been held continuously for more than 12 months, individuals and trusts may be entitled to a CGT discount of 50% and superannuation entities may be entitled to a discount of 33 1/3% in relation to the disposal of units. Companies are not entitled to this discount.

Capital gains arising from securities sold to meet a substantial investor's redemption can be distributed to the redeeming investor. A substantial redemption is one that is 5% or more of the Fund's net asset value. In these circumstances the objective would be for

remaining investors not to be affected by the capital gains resulting from a disposal of the assets where both the Fund and the redeeming investors make a capital gain in the relevant financial year. The 5% threshold may be varied by Macquarie with advance notice to investors.

Franked dividends

The Fund may generate franking credits through investment in Australian companies. Franking credits attached to distributions will be shown in investors' annual tax statements.

Foreign investment fund tax regime

The Fund may be subject to the foreign investment fund (FIF) tax regime and distributions from the Fund may include FIF amounts attributable to unrealised gains. However, we will seek to manage the Fund's FIF position to minimise the adverse effects of FIF to investors. Any FIF income which may arise will be included in investors' annual tax statements.

Foreign tax credits

Australian residents are required to include in their assessable income their share of any foreign taxes paid by the Fund. Investors will normally be entitled to a tax credit in respect of the foreign taxes paid by the Fund.

Tax deferred income / return of capital

Some of the income distributed to investors is treated as tax deferred income or return of capital, and is not taxable to investors upon distribution. Tax deferred and return of capital income is not taxed as income but may increase the capital gain or reduce the capital loss upon disposal of your units.

Tax file number (TFN) and Australian business number (ABN)

It is not compulsory for you to provide your TFN or ABN, and it is not an offence if you decline to provide them. However, unless exempted, if the TFN or ABN is not provided, tax will be deducted from income at the highest marginal rate plus the Medicare levy. These numbers can be provided on the application form when making an initial investment.

GST

The Fund has registered for GST. The issue and redemption of units in the Fund and receipt of distributions are not subject to GST. However, GST is payable on our fees and reimbursement of expenses. The Fund will generally be able to claim input tax credits and/or reduced input tax credits of at least 75%.

Tax position of non-resident investors

Non-resident withholding tax

Appropriate deductions of Australian tax will be made from distributions of Australian sourced income to non-resident investors. The amounts will be withheld at the rates of tax applicable to non-resident investors and will depend on the type of income. Distributions to non-resident investors from sources wholly out of Australia and of most capital gains from any source will generally be exempt from Australian income tax. Non-resident investors may also be subject to tax laws in the country in which they reside, but may be entitled to a credit for some or all of the tax deducted in Australia.

General Information

Transaction taxes

Normal transaction taxes and stamp duties (if any) also apply.

Tax statement

An annual tax statement will be sent to each investor to assist in completing tax returns.

Tax advice

If you have any questions regarding the application of income tax or capital gains tax to an investment in the Fund, you should consult your tax advisor. Investors should seek their own professional advice, including as to taxation, before investing. Please note that any discussion of tax in this PDS refers to Australian tax law as at the date of this PDS, and that these laws may change at any time.

How to invest

Investing in this Fund can be done in one of two ways, depending on whether you are an indirect or direct investor. We reserve the right to establish higher minimum investment amounts or to refuse any applications without reason. You should retain a copy of this PDS and any supplementary documents for future reference and if you wish to make additional investments in the Fund. A copy of the PDS is available free of charge.

Macquarie is required under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF) to establish a program to identify, manage and mitigate money laundering and terrorism financing risks faced by our organisation. As part of those obligations, we cannot accept an application to invest until we are satisfied that the identity of the investor has been verified in accordance with the requirements of the AML/CTF.

The processing of applications may not proceed until the requested information is received in a satisfactory form and the identity of the investor is verified.

Direct investors

To invest directly, please complete the application form that accompanies this PDS. Please ensure that you provide all the required verification material, as described in the application form. Initial investments made directly must be for a minimum of \$20,000.

Once your application form has been received, Client Service will contact you to confirm the bank account where your investment funds should be credited. This bank account will be unique to your investment in this Fund and should not be used for any other investment with Macquarie. Macquarie will not be responsible for any losses incurred as a result of an investor placing investment funds in the incorrect bank account. Payments can be made by real time gross settlement (RTGS), Exigo or bank transfer. Additional investments of at least \$10,000 can be made at any time by RTGS, Exigo; or bank transfer.

Please contact Client Service if you intend to make payment by RTGS or Exigo. Please note that a payment made by RTGS, Exigo or bank transfer will not necessarily be received by Macquarie prior to the Fund cut-off time. In this case, provided that your application is completed to our satisfaction, units will be issued at the application price as at the following business day, provided all other information required has been received.

Returning the completed application form

The completed application form can be returned by:

1. Mail

Macquarie Funds Group - Client Service
PO Box R1723
Royal Exchange NSW 1225

2. Facsimile

Fax this application form to (02) 8232 4730. The original must follow in the mail.

Important note

Redemption requests can not be processed until the original application form has been received in our Sydney office.

Please ensure that applications are sent to the address or fax number referred to in this document. Alternatively, if we have notified you of any change in our details, please ensure that you send your application to the updated address or fax number.

Macquarie accepts no responsibility for applications that have been sent to an incorrect address or fax number, including addresses and fax numbers of other parts of the Macquarie Group that are not referred to in this document. You are responsible for ensuring that you use the correct contact details and accept that if incorrect contact details are used, your application may be delayed or not processed. Please call Client Services on 1800 814 523 if you would like to confirm our address or fax number.

Delays when an application form is incomplete

Where an application is not finalised for AML/CTF purposes or is otherwise incomplete, we will seek to contact you to obtain the missing or additional information. Your application will not be accepted by us, nor units issued to you, unless our AML/CTF verification can be completed or other issues addressed.

If you have paid your application money, the money will be held in a non-interest bearing trust account whilst we complete the AML/CTF verification or address the outstanding issues.

On the day that your application is completed to our satisfaction, it will be accepted by us and units issued to you. If the AML/CTF verification or other issues are not finalised to our satisfaction within 30 days of the original application date, your application (and application money you have already paid) will be returned to you.

We will not be liable for any losses, including for market movements, that may be incurred by a prospective investor if an application is delayed or rejected due to our AML/CTF obligations or other delays caused by the application being incomplete.

Indirect investors

You may invest indirectly in the Fund as an 'indirect investor' through an IDPS by directing the IDPS operator to acquire units in the Fund on your behalf.

An indirect investor does not become a unitholder in the Fund. Accordingly, an indirect investor does not acquire the rights of a unitholder of the Fund or acquire any direct interest in the Fund. The IDPS operator acquires these rights and can exercise, or decline to exercise, them on your behalf according to the arrangements governing the IDPS.

If you invest in the Fund through an IDPS, you should ignore information in this PDS that is relevant only to direct investors. This includes information relating to:

- > minimum initial investment and additional investment;
- > applications and application forms;

- > redemptions and switches; and
- > transferring units.

Fees and expenses applicable to the IDPS (and set out in the IDPS offer document or client agreement) are payable in addition to the fees and expenses stated in this PDS.

Cut-off times for applications

Investments made via Exigo and RTGS

Where Macquarie receives investments via these methods, and we receive the application form and investment funds before 2.00pm Sydney time on a business day in Macquarie's Sydney office, Macquarie will consider your application for acceptance. On the day the application is accepted, units are issued and investors normally receive the application price based on the valuation of assets at the close of business on that day.

Investment amounts and application forms received after 2.00pm Sydney time will be considered for acceptance on the following business day. On the day the application is accepted, units are issued and investors normally receive the application price based on the valuation of assets at the close of business on that day.

Investments made via bank transfer

Where Macquarie receives investments via this method on any business day, the application will be considered for acceptance on the following business day, and only after receipt of your investment funds. On the day the application is accepted, units are issued and investors normally receive the application price based on the valuation of assets at the close of business on that day.

Investors are not required to provide notification of additional investments less than \$500,000 that are paid by RTGS or bank transfer. For amounts greater than \$500,000 notification should be sent by facsimile prior to the Fund's cut-off time of 2.00pm.

Cooling off period

Direct investors

If you qualify as a Retail Client under the Corporations Act, the 14 day cooling off period applies to your investment in the Fund. If, during the cooling-off period, you decide that the investment does not meet your needs, then simply advise us in writing to the address shown at the back of this document.

The 14 day period starts when you receive your transaction confirmation or five business days after units are issued to you, whichever is earlier.

Your refund will be processed as a redemption and the redemption value will be reduced or increased for market movements. We will also deduct any tax or duty incurred as well as the sell spread. As a result, the amount returned to you may be less than your original investment.

Indirect investors

You should consult your IDPS operator about any cooling off rights you may have.

Accessing your money

We generally process and pay redemptions within five business days where the request is received before 12.00pm Sydney time on any business day in Sydney. If we receive a redemption request after this, or on a non-business day for us, we treat it as having been received before 12.00pm Sydney time on the next business day in Sydney. Units will be redeemed at the redemption unit price next calculated after we receive the redemption request. The redemption unit price is normally based on the valuation of assets at the close of business on the day the request is accepted. The Fund's constitution allows us 90 days to pay redemption proceeds, but this may be extended if we have taken all reasonable steps to realise sufficient assets to satisfy a redemption request and are unable to do so due to one or more circumstances outside of our control, such as the restricted or suspended trading in the market for an asset.

Direct investors

We are allowed to deduct from the redemption amount any monies due to us from you and any applicable amount of tax.

Direct investors can make a redemption request by:

- > sending a facsimile to 61 2 8232 4730; or
- > writing to the address shown at the back of this document.

Please ensure a redemption request is sent to the address and fax number referred to in this document. Alternatively, if we have notified you of any change in our details, please ensure that you send your redemption to the updated address or fax number.

Macquarie accepts no responsibility for redemptions that have been sent to an incorrect address or fax number, including addresses and fax numbers of other parts of the Macquarie Group that are not referred to in this document. You are responsible for ensuring you use the correct contact details and accept that if incorrect contact details are used, your redemption may be delayed or not processed. Please call Client Services on 1800 814 523 if you would like to confirm our address or fax number.

Confirmation of instructions

We have a procedure to confirm the following instructions with you:

- > a redemption greater than or equal to \$1,000,000;
- > a redemption to an account which is not the pre-nominated bank account, even if it has the same account name as the redeeming account;
- > change of bank account details;
- > change of distribution method from reinvestment to direct credit to a new bank account;
- > change of authorised signatory / signatories;
- > change of postal address.

Macquarie Funds Group Client Service staff will call an authorised signatory on the contact phone number provided on the application form. The purpose of the call is to confirm that the instruction that has been received by Macquarie is valid. The aim is to protect Macquarie's clients from unauthorised transactions and unauthorised changes to their account details. Please note that if Macquarie is unable to contact an authorised signatory, we may postpone the processing of the instruction until we have been able to make contact. Your instruction will not be treated as having been received until Macquarie is able to contact the authorised signatory and confirm the instruction, unless Macquarie otherwise determines.

Appointing an agent

You can appoint an agent to transact on your behalf using Macquarie's 'Appointment of Agent form'. By completing the form you and your agent will indemnify Macquarie against any liability Macquarie incurs in respect of that appointment. The form can be accessed via:

- > www.macquarie.com.au/forms;
- > emailing: mfg.clientservice@macquarie.com
- > calling: Macquarie Funds Group Client Service on 1800 814 523.

Indirect investors

You can only withdraw through your IDPS operator in accordance with their terms and conditions.

Delay of redemptions

Macquarie can delay the calculation of the redemption price and the payment of redemption proceeds for the Fund if the Fund is no longer 'liquid', as defined in the Corporations Act. At its discretion, Macquarie can then make money available only on a periodic basis and allocate it pro rata amongst those investors wishing to withdraw. If this occurs, in determining the unit price, Macquarie will use the asset values determined at the time the relevant withdrawal offer closes.

Macquarie can also limit redemptions if it receives redemption requests representing more than 10% of the Fund's value on any business day. In this case, Macquarie may satisfy redemption requests representing 10% of the Fund's value, on a pro-rata basis, and deem the remaining proportion of redemption requests to be received on the next business day

Distributions

Income distributions and reinvestment

From the underlying investments, the Fund may receive or generate distributions consisting of dividends; interest; gains or losses from futures trading; franking credits; tax deferred income and return of capital; realised capital gains; gains or losses on swap transactions; and gains or losses on foreign exchange transactions. We will distribute income, except for capital gains, quarterly (after fees) at the end of March, June, September and December. Net capital gains (if any) will be distributed at least once a year.

You may elect to have your distributions paid directly into a nominated Australian bank account or have them reinvested in the Fund by completing the relevant section of the application form.

If you do not nominate how you wish to receive your income distributions, they will be automatically reinvested as additional units in the Fund. Such units will be issued at the net asset value price at the close of business at the end of the distribution period to which the entitlement relates. However we may, at any time, notify unitholders that subsequent distributions will be paid in cash and not be reinvested and subsequently withdraw any such notification.

Unit prices fall at the end of the distribution period to reflect the distribution. If you invest towards the end of a distribution period, you may find that you receive some of your capital as income. However, if your application price is calculated as at the last business day of the period, your application price will not include an income component for that period. Similarly, if you withdraw your investment towards the end of the distribution period, you will receive your share of any accrued income as capital. However, if your redemption price is calculated as at the last business day of the period, your redemption price will not include an income component for that period but you will also receive the income as part of your distribution.

Unit pricing

We normally calculate application prices and redemption prices daily. The unit price is equal to the value of the Fund's assets, less liabilities, divided by the number of units on issue. Application and redemption unit prices

take into account transaction costs (the buy/sell spread) as applicable. Assets are normally valued at their most recent market value, using independent pricing sources where available for the particular asset type. Any units held in unlisted funds are valued at their most recent unit prices as supplied by the fund operator. Overseas assets are valued as at the close of business in each of the relevant overseas markets. Foreign currencies are converted to A\$ at WM Reuters London 4pm mid rates. We may use model values or fair values if market quotations are not available or are deemed unreliable.

The valuation methods and policies applied by us to value the Fund's assets and liabilities are consistent with applicable industry standards and result in unit price calculations that are independently verifiable. Under the constitution for the Fund, Macquarie has certain discretions in determining application and redemption prices. Macquarie has documented a policy regarding the exercise of these discretions. A copy of the policy, together with the related documents, is available free of charge from Macquarie Funds Group Client Service.

As discussed above, unit prices fall at the end of each distribution period because the allocation of the distributions reduces the Fund's assets. On any day, the application price is different from the redemption price of units as a result of the buy/sell spread.

Direct investors

You can contact Client Service directly. The unit prices are also published on our website at:

www.macquarie.com.au/unit_prices

Indirect investors

Your IDPS operator can provide you with the unit prices for your investment.

Timing changes

You will be notified if we change the frequency of distributions or valuing the Fund, or the frequency or timing of unit pricing.

Transferring units

You may transfer units in the Fund to another person by providing us with a signed and completed standard transfer form and a completed application form from the current PDS for the Fund at that time. We reserve the right to decline transfer requests at our discretion.

A transfer of units involves a disposal of units, which may have tax implications. Stamp duty may also be payable on the transfer unless an exemption applies. You should obtain tax and stamp duty advice before requesting a transfer.

Keeping in touch with you

Direct investors

We provide access to:

- > confirmation of your transactions;
- > transaction statements at least annually;
- > quarterly reports on the performance of the Fund, an economic and market overview, and Fund highlights;
- > a tax report for Australian resident investors to help with your tax return at financial year-end;
- > the annual financial statements of the Fund by end of September each year.

Indirect investors

Your IDPS operator can provide you with reports on the progress of the Fund.

MFG Online - Macquarie Managed Investments

Investors are able to access some account information online by visiting Macquarie's website – www.macquarie.com.au/mfg. Investors will need an access code and this can be requested on the application form.

Updated information

The information in this PDS may be subject to change from time to time. Where the change is not materially adverse we will update this information by publishing changes on our website at:

www.macquarie.com.au/updatedinformation

A paper copy of this PDS (and any supplementary documents or updated information) can also be obtained free of charge by calling Client Service 1800 814 523.

Continuous disclosure documents

The Fund may be subject to certain 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. As an investor in the Fund, you have the right to obtain the following documents from us:

- > the annual financial report (including financial statements) most recently lodged with ASIC by us in respect of the Fund;
- > any half-year financial report (including financial statements) lodged with ASIC in respect of the Fund after the lodgement of the annual financial report and before the date of this PDS;
- > any continuous disclosure notices provided by us in respect of the Fund after the lodgement of the annual financial report and before the date of this PDS.

If requested, we will send you a printed or electronic copy of any of the above documents, free of charge, as soon as possible or within five days of receiving your request.

Our legal relationship with you

Macquarie as the responsible entity

As the responsible entity of the Fund, we are solely responsible for the management and administration of the Fund. We hold an Australian Financial Services Licence (AFSL), authorising us to act as the responsible entity of the Fund. Details of our AFSL can be found on ASIC's website at www.asic.gov.au

Our powers and duties are set out in the constitution relating to the Fund, the Corporations Act and general trust law.

Corporations Act

Our duties under the Corporations Act include:

- > acting in the best interest of investors and, if there is a conflict between investors' interests and our own interests, giving priority to investors' interests;
- > ensuring that Fund property is clearly identified as Fund property, is valued at regular intervals and is held separately from our property and the property of any other fund; and
- > reporting to the ASIC any breach of the Corporations Act in relation to the Fund, which has had, or is likely to have, a materially adverse effect on the interests of investors.

We are liable for our agents engaged in connection with the Fund.

Constitution

The Fund is established by a constitution, as amended from time to time. The terms and conditions of the constitution are binding on each investor and persons claiming through them, as if the investor or person were a party to the constitution.

This PDS summarises some key features of the constitution, such as issue and redemption of units, calculation of unit prices and fees. However, the constitution covers a number of additional matters, including:

- > the nature of units (subject to any special terms of issue, identical rights attach to all units);
- > how and when redemptions are paid;
- > unitholder meetings (a resolution may bind you, regardless of how or whether you voted);

- > the circumstances in which we are and are not liable to you;
- > our indemnification out of assets of the Fund for all costs incurred by us in relation to the administration or management of the Fund (subject to the proper performance of our duties);
- > redemption procedures where the Fund is no longer 'liquid' within the meaning of the Corporations Act (the procedures described in this PDS apply where the Fund is liquid);
- > your rights to share any Fund income, and how we calculate it; and
- > when we can retire as responsible entity of the Fund.

We can amend the constitution from time to time, subject to the provisions of the constitution and the Corporations Act, including if we reasonably consider that the amendments will not adversely affect investors' rights. Otherwise, we must obtain investors' approval at a meeting of unitholders.

The compliance plan

We have prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan sets out the compliance procedures that we will follow to ensure that we are complying with the Corporations Act and the Fund constitution. Each year the compliance plan is independently audited, as required by the Corporations Act and the auditor's report is lodged with ASIC.

The compliance committee

As required, we have established a compliance committee with a majority of independent members. The compliance committee's functions include:

- > monitoring our compliance with the compliance plan and reporting its findings to us;
- > reporting any breaches of the Corporations Act or the constitution to us; and
- > assessing the adequacy of the compliance plan and recommending any changes.

Rights and liabilities of an investor

A unit confers a beneficial interest on an investor in the assets of the Fund but not an entitlement or interest in any particular part of the Fund or any asset. The constitution also provides that the liability of each unitholder is limited to its investment in the Fund. Therefore, a unitholder is not required to indemnify us or our creditors against our liabilities in respect of the Fund. However, no complete assurance can be given in this regard as the ultimate liability of unitholders has not been finally determined by the courts.

The custodian

We have appointed Bond Street Custodians Limited (BSCL) and JPMorgan Chase Bank to hold the assets of the Fund.

We will monitor and review BSCL's and JPMorgan's procedures and systems to ensure that custodial functions are carried out efficiently and properly.

Proxy voting and corporate governance

The exercise of voting rights in relation to shares is an important aspect of the investment management process and our ability to influence corporate management and manage the performance of portfolios, where applicable. We will endeavour to vote on company resolutions where we have the authority to do so.

Enquiries and complaints

Direct investors

We have arrangements in place for handling enquiries or complaints. For enquiries, you may contact your financial adviser or Macquarie Funds Group Client Service on 1800 814 523, 8.30am to 6.00pm Sydney time, Monday to Friday.

Complaints can be sent to:

The Complaints Officer
Macquarie Investment Management Limited
PO Box R1723
Royal Exchange NSW 1225

Our procedures ensure that we deal with complaints within 45 days of receipt.

If we are unable to resolve the complaint or you are dissatisfied with the outcome, then you have the right to refer the complaint to the Financial Ombudsman Service (FOS), of which we are a member (membership number 869). FOS is an external dispute resolution body that has been approved by ASIC. FOS is an independent body that assists customers in the resolution of complaints relating to members of the financial services industry. The contact details are:

Financial Ombudsman Service
 GPO Box 3
 MELBOURNE, Victoria, 3001

Telephone: 1300 780 808
 Fax: (03) 9613 6399

Indirect investors

Please contact your IDPS operator.

We respect your personal details

Direct investors

We collect certain personal information from you, in order to administer your investment in the Fund. As required by law, we have adopted a Privacy Policy that governs the collection, storage, use and disclosure of personal information. A copy of our Privacy Policy is available from our website at www.macquarie.com.au/au/privacy_policy.htm

By signing the application form, you agree to us collecting, storing, using and disclosing your personal information in accordance with our Privacy Policy. This includes using your personal information for:

- > providing or marketing products and services to you;
- > administration purposes, including monitoring, auditing and evaluating the products and services;
- > determining future product and business strategies and to develop services, including the modelling of data and data testing;
- > ensuring compliance with all applicable regulatory or legal requirements. This includes the requirements of ASIC, ATO, AUSTRAC and other regulatory bodies or relevant exchanges including the requirements of the superannuation law;
- > communicating with you in relation to your holding and all transactions relating to the holding;
- > providing products and services to you through other entities in the Macquarie Group, our agents, contractors or third parties whether or not located in Australia.

We aim to ensure that our record of your personal information is accurate, complete and up to date. If your personal information changes, please inform us as soon as possible. You may correct or update this information by notifying us in writing.

We will provide you with access to your personal information at no charge.

For more information

If you have any questions in regard to your privacy, please contact the Privacy Officer by:

- > phone on 61 2 8232 0337; or
- > email to privacy@macquarie.com.au

Access to your information

We may provide access to your information to:

- > our agents, contractors or third party service providers who provide services in connection with our product and services;
- > a licensed financial adviser if their stamp appears on the application form, unless you instruct us not to do so.

If you do not provide the information we ask you to supply on the application form we may not be able to process or accept your application.

Note: By signing an Application Form to invest in the Fund, you consent to the use and disclosure of your personal information in the manner set out above.

Indirect investors

We do not collect or hold any personal information about you, in connection with your investment in the Fund. You should contact your adviser or IDPS operator for details on the collection, storage, use and disclosure of personal information.

About this PDS

The terms and features of the Fund were current at the date of this PDS. However, we reserve the right to change the terms and features of the Fund in accordance with the Fund's constitution and other relevant legislation.

You should keep a copy of the current PDS and any other supplementary material updating the PDS for future reference. You can obtain a copy of the current PDS, free of charge, by contacting Client Service on 1800 814 523, 8.30am to 6.00pm Sydney time, Monday to Friday.

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Contact

Macquarie Funds Group

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Client Service

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