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Wealth Creation & Year End Planning Strategies

June 2010

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Important notice



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Today



- > Year End Options
- > What is Macquarie Flexi 100 Trust (Macquarie Flexi 100)
- > Investment menu
- > How it works



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What year end tax planning
options do you have?

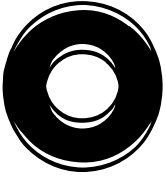


Year End Options



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- > Contribute to Super up to the caps
- > Look at prepayment of interest for existing investment loans
- > Where possible defer income post 30 June
- > **Consider geared investments that involve pre paying interest**
- > Look at investments that may provide a tax deduction i.e. agriculture
- > A decision with tax advantages must take into account overall investment strategy and current environment



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What is Macquarie Flexi 100?



What is Macquarie Flexi 100



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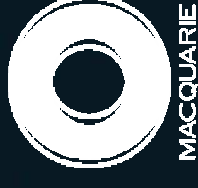
Macquarie Flexi 100 provides investors with access to **investment opportunities** with **growth** potential and **capital protection*** to **minimise downside risk.**

Macquarie Flexi 100's **unique walk-away** feature means investors are able to **redeem** quarterly with **no break costs.****

* Capital protection is not guaranteed and is subject to the ability of the collateral counterparty, Macquarie Bank Limited, to meet its obligations under the collateral agreement.

** Note that that prepaid interest on an investment loan will not be refunded. Investors will be required to pay any amounts owing on their investment 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 the collateral counterparty fails to meet its obligations.

Key Features



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- > Access to diversified investment opportunities with growth potential
- > Flexibility to 'walk-away' without incurring additional costs if you choose a limited recourse loan*
- > Ability to receive the benefit of any positive index or fund performance for each year (for Class M - P units only)**
- > 100% gearing enabling investors (including for SMSFs[^]) to invest with a low initial capital outlay and no margin calls
- > Protection of a limited recourse loan throughout the term, if you so choose
- > Cash flow advantages of fixed (for Classes H - L) and/or potential (for Classes M-P) distribution payments throughout the term which are set off against interest payments
- > \$25,000 – minimum investment

* 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).

** Subject to a performance cap.

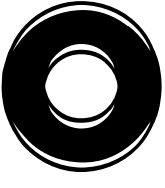
[^] Trustees of superannuation funds who propose to invest in Macquarie Flexi 100 should be aware of their obligations to formulate and implement an appropriate investment strategy that has regard to the whole of the circumstances of their fund and to act in the best interests of the members of the fund.

How does Flexi work?



1. **Choose the Underlying Term**
 - > **Investors have a choice of three term options: 3yrs, 3.5 yrs or 5.5yrs**
2. **Select from Investment Menu**
 - > Investors have a choice of four underlying investments: S&P/ASX200, MQ Asia Long Short Fund, Asian equity basket, global infrastructure (MGI100)
3. **Choose a Unit Class from the investment menu**
 - > Fixed Distribution Classes – fixed annual distributions, plus gain from positive performance (of any) of underlying reference asset paid at maturity (within a set hurdle and cap)
 - > Variable Distribution Classes – gain from positive performance (if any) of underlying reference asset paid as distribution in each year (subject to a cap)
4. **Borrow 100% of the Investment Amount**
 - > Limited Recourse Loan – 9.10% pa*
 - > Full Recourse Loan – 8.85% pa*
 - > Interest Loan – 10.95% pa*

*Indicative rate. Actual rate determined by loan provider on or around 25 June 2010.



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Macquarie Flexi 100 Investment Menu



Flexi 100 June 2010 Investment Menu



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ASX200 (AUD)

- > market cap weighted index of Australian stocks

MQ Asia Long/Short (USD)

- > quantitative long/short strategy in pan-Asian markets (incl Japan and Australia). The fund will typically have >600 stock positions

MGI100 Index (USD)

- > Top 100 infrastructure and utilities companies from developed and advanced emerging countries included in the MGI Index

Asian Equity (USD)

- > Equally weighted exposure to basket of 5 Asian stock markets (or ETFs) covering HK, China, Taiwan, Korea and Singapore

Variable Distribution Classes M-P



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Gain from any positive performance of underlying reference asset paid as distribution in each year (subject to a cap)

Class M-P

Term 3 years

Distributions May be entitled to distribution based on positive performance (if any) of underlying reference asset during that year, up to a set performance cap.

Profile Payable only at the end of years one, two and three*.

Indicative caps**:

- > ASX200, MGI100, Asia Basket – 17% pa
- > MQ Asia L/S – uncapped

Hurdles:

- > NIL

* Investors will not receive a distribution if they 'walk away' during the distribution period.

** Actual caps will be determined on or before the Swap Start Date. The indicative caps are only in relation to Distribution Period 1; for Distribution Periods 2 and 3 this may vary, subject to the minimum performance cap.

Example – class M units



- > An investor invests in Macquarie Flexi 100 and chooses class M units (S&P/ASX 200 as reference asset)
- > The investor holds their investment to maturity (3 years)
- > Assumptions
 - Investor borrows \$100,000 to invest
 - Fixed cap of 17% (indicative only)*
 - S&P/ASX 200 levels:

Start	4,800
End Period 1	5,500
End Period 2	6,250
End Period 3	6,000

* The actual performance caps will be determined as at the Swap Start Date and published at www.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 index.

Potential returns – class M units



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Year 1 distribution	\$14,583	$\$100,000 \times (5,500 - 4,800) / 4,800$
Year 2 distribution	\$13,636	$\$100,000 \times (6,250 - 5,500) / 5,500$
Year 3 distribution	\$0	Index has fallen over the period, therefore no distribution.
Total received over the term of the Investment [#]	\$28,219	

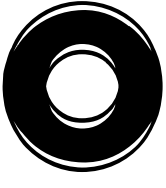
[#]Not including costs of gearing
Please note the information in this presentation only applies to Class M Units in the Macquarie Flexi 100 Trust.

Flexi 2010 – Walk-Away



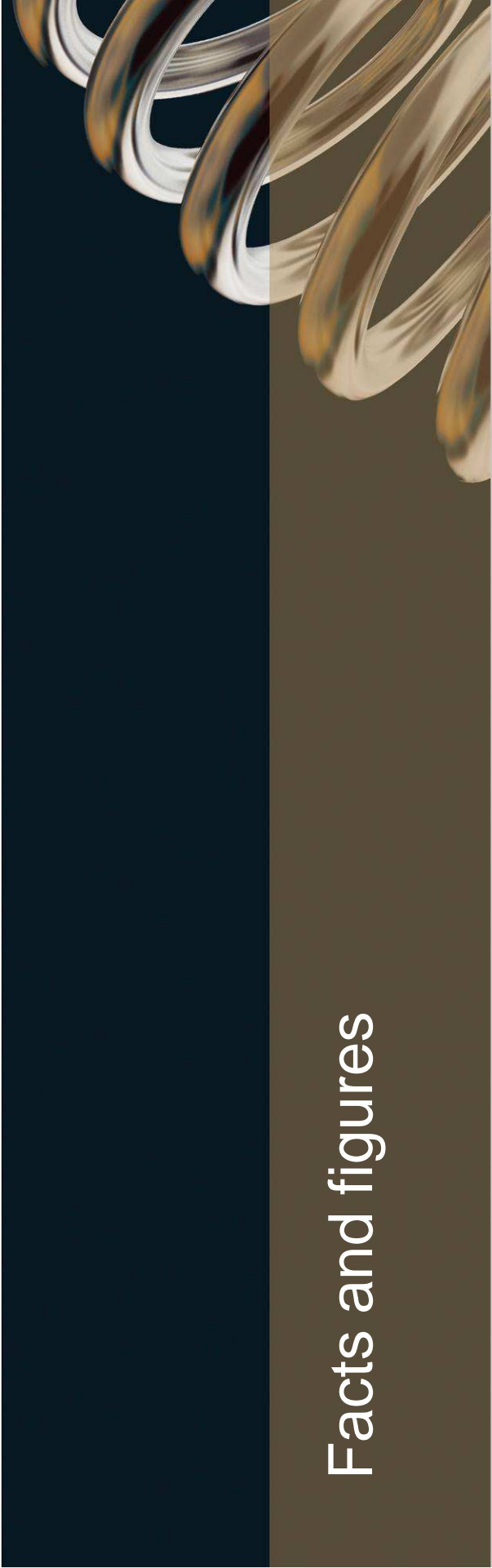
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- > 'Walk-away' available quarterly from 30 Sep 2010
- > Investors can walk-away without paying any Investment Loan break costs or shortfalls
 - Investors who choose a Limited Recourse Investment Loan will never be required to contribute more money to pay back their Limited Recourse Investment Loan
 - Investors who choose a Full Recourse Investment Loan can walk-away, but may be required to pay investment loan break costs or shortfall if the collateral counterparty (Macquarie Bank Limited) fails to meet its obligations
- > Investors will receive the value of their units relevant to that walk-away date
 - If an investor in Class H-L exercises the walk-away on or before 29 June 2011, the value of their units will be \$1.00 per Unit – the investor will not realise any gain
- > Investors will not receive a refund of any prepaid interest
- > Investors will be required to repay any Interest Loan and any Shortfall Loan



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Facts and figures



Tax Treatment



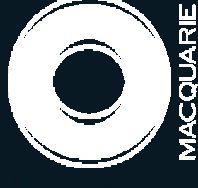
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- > **Distributions** – should be assessable income
- > **Limited Recourse Investment Loan**
 - Subject to an investor's individual circumstances, interest on loan should be deductible* up to the relevant Benchmark Rate in the Tax Act
- > **Full Recourse Investment Loan**
 - Subject to an investor's individual circumstances, interest on the loan should potentially be fully deductible*
- > **At maturity** – any gain on redemption at maturity should be assessable income

* Interest deductibility is subject to certain assumptions – please refer to the PDS for more information. Please note the information in this presentation only applies to Classes H-P Units in the Macquarie Flexi 100 Trust.

Flexi 2010 – Key Risks



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- > **Reference asset risk:** the risk that the reference asset relevant to each unit class does not perform well, including as a result of recent increased equity market uncertainty and the global economic downturn. Recent high levels of volatility in equity markets increase this risk.
- > **Borrowing to invest:** there is a material risk that the total value of your returns at maturity (if any) and distributions paid throughout the term will be less than your total interest payments and other costs. If this occurs you will not breakeven at maturity. In addition, you should take into account relevant taxation considerations and the time value of money.
- > **Counterparty risk:** the value of your investment depends on the ability of the relevant counterparties (including the hedge counterparty, swap counterparty and the collateral counterparty, amongst others) to perform their obligations.
- > **Early termination risk:** Exposure to the reference asset may be terminated early by the swap counterparty in a number of circumstances, including as a result of a material change in hedging costs or in its ability to hedge its exposure (especially in relation to variable distribution classes).
- > **Foreign exchange risk:** USD:AUD foreign exchange rate movements will affect the value of USD classes throughout the term and at maturity.
- > **Interest deductibility risk:** the ATO may adopt a position leading to the denial of part or all of your tax deductions for some or all of your interest expenses in relation to your investment.

Conclusion



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- > Research supports continuing positive view on equity markets
- > Creating wealth and tax planning should go hand in hand
- > Capital protection* helps get you through periods of market volatility
- > See your adviser before 30 June

* Capital protection is not guaranteed and is subject to the ability of the collateral counterparty, Macquarie Bank Limited, to meet its obligations under the collateral agreement.