MACQUARIE

Macquarie Subordinated Debt Active ETF

Product Disclosure Statement

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MACQUARIE INVESTMENT MANAGEMENT AUSTRALIA LIMITED
ABN 55 092 552 611 AFSL 238321
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Important information

This document is a Product Disclosure Statement (**PDS**) which has been prepared and issued by Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFSL 238321 (**Macquarie**, **we**, **us**, **our**) as the responsible entity of the Macquarie Subordinated Debt Active ETF (**Fund**), which is a class of units in the Macquarie Subordinated Debt Fund (ARSN 671 522 384) (**Scheme**).

References to 'units' in this PDS are references to units in the Fund. All rights and entitlements of a unit relate to the rights, entitlements, obligations, assets, liabilities and other amounts referable to the Fund. The Scheme may have one or more classes of units other than the units offered under this PDS. Where applicable, different offer documents will apply to such other classes.

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**). Neither ASIC nor the Australian Securities Exchange (**ASX**) take any responsibility for the contents of this PDS. Units in the Fund are quoted for trading on the AQUA market of the ASX (**Exchange**).

The offer

The offer of units in the Fund, under this PDS, is only available to persons who have been authorised as trading participants under the ASX Operating Rules and, where required, have entered into an agreement (**Authorised Participant Agreement**) with Macquarie (**Authorised Participants**). For that reason, certain sections of this PDS (particularly those relating to the creation and redemptions of units in the Fund) are of direct relevance to Authorised Participants only.

Investors other than Authorised Participants

Other investors, who are not Authorised Participants, cannot invest in units in the Fund through this PDS but may do so through the Exchange. Please consult your broker or financial adviser.

You may use this PDS for information purposes only to assess the merits of investing in the Fund. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. Before making an investment decision on the basis of this PDS, you should consider whether investing in the Fund is appropriate having regard to your objectives, financial situation and needs. You should obtain your own financial advice tailored to your personal circumstances.

This offer is only open to persons receiving this PDS within Australia and New Zealand or any other jurisdiction approved by us. Unless otherwise stated, all references to 'dollars' or '$' herein refer to Australian dollars.

Changes and updates in this PDS

The information in this PDS may change from time to time. Where information in this PDS changes and such change is not materially adverse to you, we may update the information by publishing an update at **macquarie.com/mam/pds**. You can access a copy of the latest version of this PDS, the Target Market Determination (**TMD**) for the Fund and any updated information free of charge from our website or by contacting us.

Investments in the Fund are subject to investment risk

Other than Macquarie Bank Limited ABN 46 008 583 542 (**Macquarie Bank**), any Macquarie Group entity noted in this material is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these other Macquarie Group entities do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these other Macquarie Group entities. In addition, (a) the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested, and (b) none of Macquarie Bank, or any other Macquarie Group entity, guarantees any particular rate of return on or the performance of the investment nor do they guarantee repayment of capital in respect of the investment.

Business Days

A reference in this PDS to '**Business Day**' or '**ASX trading day**' means a day on which the ASX is open for trading.

Warning statement for New Zealand investors

a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is sub-part 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
b) This offer and the content of this PDS are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
c) There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
d) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
e) Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.
f) The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.
h) The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
i) If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.*
j) The dispute resolution process described in this PDS is available only in Australia and is not available in New Zealand.
k) If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

* Redemptions and distributions of income will only be paid in Australian dollars to an Australian bank account.

Macquarie Subordinated Debt Active ETF at a glance

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

About the Fund		Section
Fund name	Macquarie Subordinated Debt Active ETF (ARSN 671 522 384) (referred to within as '**units**' or '**Fund**'), a class of units in the Macquarie Subordinated Debt Fund (ARSN 671 522 384) (**Scheme**)	
ASX code	MQSD	
Responsible entity	Macquarie Investment Management Australia Limited	1
Investment manager	Macquarie Investment Management Global Limited	1
Investment objective and strategy	The Fund aims to outperform the Bloomberg AusBond Bank Bill Index over a rolling three-year basis (before fees). It aims to provide regular monthly distributions with some potential for growth. The Fund provides exposure to a diversified portfolio of subordinated bonds, which may offer higher levels of yield than cash or other investment grade bonds. Subordinated bonds are typically unsecured debt securities that rank higher than equity but below senior debt securities with respect to a repayment in the event of a default. The Fund will primarily invest in subordinated bonds issued by Australian entities or denominated in Australian dollars, with significant exposure expected to be to those issued by Australian major banks and other financial institutions. The Fund aims to exploit market inefficiencies through careful security selection based on our fundamental research and relative value analysis. The Fund may also have exposure to bonds issued by foreign entities and a small opportunistic allocation to hybrids. ⚠ Refer to Section 2 for more information about how we invest your money.	2
Benchmark	Bloomberg AusBond Bank Bill Index	
Fund structure	The Fund is a class of units in the Scheme, an Australian unit trust registered under the Corporations Act 2001 (Cth) (**Corporations Act**) as a managed investment scheme. This PDS relates to the units in the Fund. Units in the Fund are quoted for trading on the AQUA market of the ASX (**Exchange**).	1
Standard Risk Measure (SRM)	**1 Very low** | **2 Low** | **3 Low to medium** | **4 Medium** | **5 Medium to high** | **6 High** | **7 Very high** We have calculated the SRM based on industry guidance. Please note that the SRM is not a complete assessment of all forms of investment risk. Refer to Section 4 for information on the risks of an investment in the Fund. A Target Market Determination (**TMD**) for the Fund, which includes a description of the class of consumers for whom the Fund is likely to be consistent with their objectives, financial situation and needs, is available at **macquarie.com/mam/tmd**.	2
Risks	All investments carry risks. Different investments carry different levels of risk, depending on the investment strategy and the underlying investments. The significant risks of the Fund are described in Section 4 but other risks may also adversely affect the Fund. You should seek your own professional advice on the appropriateness of this investment for your particular circumstances and financial objectives.	4
Distribution frequency	Generally monthly	2
Suggested minimum investment timeframe	Three years	

Macquarie Subordinated Debt Active ETF at a glance

Investors (other than Authorised Participants) – How to enter and exit the Fund		Section
Entering and exiting the Fund	Generally, investors, other than Authorised Participants, can only enter and exit the Fund by buying and selling units on the Exchange. The price at which investors enter and exit the Fund will be the price at which they buy or sell units on the Exchange. The trading price of units in the Fund on the Exchange on a particular ASX trading day may vary from the net asset value (**NAV**) of each unit (**NAV unit price**) for that same day. There can be a number of factors influencing the current trading price of units in the Fund on the Exchange and causing it to differ from the NAV unit price including investor demand for units in the Fund and the spread between the bid price (price at which Authorised Participants are willing to buy units) and the ask price (price at which Authorised Participants are willing to sell units) applied by the market maker(s) and other trading participants. Typically, the price at which the Authorised Participants are willing to buy units on a particular ASX trading day (bid price) will be less than the NAV unit price for that same day and the price at which Authorised Participants are willing to sell units on a particular ASX trading day (ask price) will be higher than the NAV unit price for that same day. Investors may be able to make an off-market request directly with us to redeem their units in the Fund where trading in units on the Exchange has been suspended for five consecutive ASX trading days.	7
Market liquidity	We have appointed a market maker(s) (**Market Maker**) to maintain continuous liquidity to the market by acting as a buyer and seller of units in the Fund on the Exchange. Subject to Schedule 10A of the ASX Operating Rules (**AQUA Rules**), we may replace the Market Maker and appoint additional market makers from time to time. The primary function of the Market Maker(s) is to ensure liquidity by providing quotes to the market (bid (buy) and ask (sell) prices) throughout the ASX trading day and updating quoted prices to reflect changes in the value of the Fund. Macquarie has entered into a market making agreement with the Market Maker to facilitate this liquidity (**Market Maker Agreement**). The liquidity provided by the Market Maker may be constrained by day-to-day events including, but not limited to, the continuing ability of the Market Maker to create and redeem units.	1
Authorised Participants – Creation and redemption of units		
Creation of units	The offer of units in the Fund, under this PDS, is only available to Authorised Participants. Authorised Participants should see Section 7 for information on how to create units.	7
Redemption of units	Generally, units in the Fund can only be redeemed by Authorised Participants. Authorised Participants should see Section 7 for information on how to redeem units. An investor, who is not an Authorised Participant, can only redeem units in the exceptional circumstances described in Section 7.	7
Fees and costs		
Management fee	0.290% pa of the NAV of the Fund (inclusive of GST and net of any input tax credits and/or reduced input tax credits). The management fee accrues daily and is payable quarterly, in arrears, generally within 30 days of the end of the quarter. It is deducted from the Fund's assets and reflected in the NAV unit price. ⚠ Further information on the fees and costs charged by or to the Fund is set out in Section 5.	5

Other information		Section
Net asset value	The NAV of the Fund is generally calculated on each ASX trading day in accordance with the Scheme's constitution, broadly by deducting the liabilities (including any accrued fees) of the Scheme attributable to the Fund from the aggregate value of the assets of the Scheme attributable to the Fund. The NAV unit price is calculated by dividing the NAV of the Fund by the number of units on issue in the Fund. The NAV unit price will vary as the market value of the Scheme's assets and liabilities, attributable to units in the Fund, rises or falls.	2
Reporting	The following information is available on our website: • the NAV unit price, available each ASX trading day • the full portfolio holdings of the Fund (on a look-through basis), available each ASX trading day, with the Fund holdings for an ASX trading day generally available two ASX trading days after the relevant day • a copy of the latest PDS for the Fund, and • copies of the Scheme's annual financial report (including financial statements) which can be found at **macquarie.com/mam/au-financial-statements**. The following information is available on the 'ASX Markets Announcement Platform' on the ASX website. • Information about the distributions made by the Fund. • Continuous disclosure notices. • The total number of units on issue, the total number and value of units issued and redeemed during the month and the difference between the units issued and redeemed during the month (by number and value), available monthly. • Notices to investors, including significant events notices. • The Scheme's annual financial report (including financial statements). • Any half-year financial report (including financial statements) produced for the Scheme. • The aggregate exposure of the Fund to all over-the-counter (**OTC**) derivative counterparties as a percentage of the NAV of the Fund, excluding derivatives used solely to hedge foreign exchange risk, available monthly. • The value of the assets of the Fund (excluding the value of OTC derivatives (other than those used solely to hedge foreign exchange risk) but including any collateral obtained in relation to the OTC derivatives) as a percentage of the NAV of the Fund, available monthly. • The aggregate notional exposure of the derivatives the Fund holds or is exposed to (expressed as a percentage of the NAV of the Fund), excluding derivatives used solely to hedge foreign exchange risk, available monthly. • The swap costs that the Fund has incurred or will incur in relation to its OTC derivatives, available monthly. • A breakdown of the collateral the Fund holds or is exposed to in relation to its OTC derivatives by security type, country, sector, currency and credit rating, available monthly. Our website also has additional information about the Fund including performance and performance reports.	8

1. How the Fund works

1.1 Fund structure

The Macquarie Subordinated Debt Fund (ARSN 671 522 384) (**Scheme**) is an Australian unit trust registered under the Corporations Act 2001 (Cth) (**Corporations Act**) as a managed investment scheme. This PDS relates to the Macquarie Subordinated Debt Active ETF (ARSN 671 522 384) (referred to within as '**units**' or '**Fund**'), established as a separate class of units in the Scheme. Each investor's investment amount is pooled and invested in the manner described in Section 2.

Units in the Fund give an investor a beneficial interest in the Scheme's assets, but not an entitlement to, or interest in, any particular asset of the Scheme. The assets and liabilities of all classes of units in the Scheme are pooled. In other words, the assets and liabilities of each class are not segregated from the assets and liabilities of other classes of units in the Scheme. As at the date of this PDS, the Scheme has one or more classes of units on issue and we may issue additional units in the Scheme of the same class or of a different class to the units already on issue.

Units in the Fund are quoted for trading on the AQUA market of the ASX (**Exchange**).

Refer to Section 3 for more information about how the Exchange works.

1.2 Responsible entity and investment manager

Macquarie Investment Management Australia Limited (**Macquarie**, **we**, **us**, **our**) is the responsible entity of the Scheme. We are responsible for the investment decisions, management and administration of the Scheme. We may delegate some of these duties, including investment management functions, to third parties. We have appointed Macquarie Investment Management Global Limited (ABN 90 086 159 060 AFSL 237843) (**Investment Manager**) as the investment manager of the Scheme. Both entities form part of Macquarie Asset Management, which is Macquarie Group's asset management business.

Macquarie Asset Management is an integrated asset manager across public and private markets offering a diverse range of capabilities including real assets, real estate, credit, and equities and multi-asset.

1.3 Market maker

Under Schedule 10A of the ASX Operating Rules (**AQUA Rules**), we have certain obligations, in respect of the Fund, to facilitate an orderly and liquid market in the Fund. We have appointed a market maker(s) to maintain continuous liquidity to the market by acting as a buyer and seller to the secondary market (**Market Maker**). The primary function of the Market Maker is to ensure liquidity by providing quotes to the market (bid (buy) and ask (sell) prices) throughout the ASX trading day and updating quoted prices to reflect changes in the underlying value of the Fund.

To assist the Market Maker to determine the trading prices of the units, the following information about the Fund is published each ASX trading day:

- the net asset value of each unit (**NAV unit price**), and
- the full portfolio holdings of the Fund (on a look-through basis), with the Fund holdings for an ASX trading day generally available two ASX trading days after the relevant day.

The Market Maker applies a bid/ask spread, which means that the price at which it will offer to buy units from investors on a particular day (bid price) will typically be less than the NAV unit price for that same day and the price at which it is willing to sell units to investors on a day (ask price) will typically be higher than the NAV unit price for that same day. The NAV unit price for an ASX trading day is typically published on the next ASX trading day. See Section 5 for further details on the bid/ask spread applied by the Market Makers. The Market Maker publishes bid and ask prices on the ASX, continuously updating the prices throughout the ASX trading day and trading as orders are submitted.

The liquidity provided by the Market Maker will ultimately be constrained by day-to-day events including, but not limited to, the continuing ability of the Market Maker to create and redeem units. Subject to the AQUA Rules, we may replace a Market Maker appointed in respect of the Fund or appoint additional Market Makers.

We understand the importance of the role of the Market Maker and seek to ensure that any Market Maker(s) appointed by us:

- have experience in making markets in exchange quoted products in Australia
- are trading participants of the Exchange and have agreements with the Exchange to act as a market maker (if applicable), and
- have the necessary skill and expertise to perform a market making function.

The Market Maker will generally retain for its own account any trading profit and bear any loss generated by its market making activities.

2. How we invest your money

⚠ **You should consider the potential investment returns, the risks involved and your investment timeframe when deciding whether or not to invest in the Fund.**

2.1 About the Fund

Investment objective and strategy	The Fund aims to outperform the Bloomberg AusBond Bank Bill Index over a rolling three-year basis (before fees). It aims to provide regular monthly distributions with some potential for growth. The Fund provides exposure to a diversified portfolio of subordinated bonds, which may offer higher levels of yield than cash or other investment grade bonds. Subordinated bonds are typically unsecured debt securities that rank higher than equity but below senior debt securities with respect to a repayment in the event of a default. The Fund will primarily invest in subordinated bonds issued by Australian entities or denominated in Australian dollars, with significant exposure expected to be to those issued by Australian major banks and other financial institutions. The Fund aims to exploit market inefficiencies through careful security selection based on our fundamental research and relative value analysis. The Fund may also have exposure to bonds issued by foreign entities and a small opportunistic allocation to hybrids. The Fund gains exposure to these assets either directly or through funds managed by a member of the Macquarie Group. The Fund may have exposure to derivatives as part of its investment strategy. The Fund may also have exposure to derivatives to hedge interest rate risk or currency exposure, or to provide a hedge against the credit risk of underlying securities. The portfolio is generally hedged to Australian dollars.			
Benchmark	Bloomberg AusBond Bank Bill Index			
Asset allocation[1]	Subordinated bonds:[2] Cash and investment grade:	0% – 100% 0% – 100%	Hybrids:[2]	0% – 15%
Suggested minimum investment timeframe	Three years			

1 The ranges are indicative only. The Fund will be rebalanced within a reasonable period of time should the exposure move outside these ranges.
2 May include holdings of sub-investment grade investments.

2.2 How derivatives are used

The Fund may have exposure to both over-the-counter (**OTC**) and exchange-traded derivatives in connection with implementing its investment strategy. The types of derivatives that the Fund may have exposure to include, without limitation, swaps (including credit default swaps and interest rate swaps), options, foreign exchange forwards, swaptions and futures. The Fund may have exposure to derivatives for risk management purposes or to implement the investment strategy of the Fund.

We intend to only use derivatives in limited circumstances, excluding those used for the dominant purpose of hedging foreign exchange or managing interest rate risk. For example, credit derivatives could be used, from time to time, for risk management purposes. We intend for the Fund's aggregate notional derivatives exposure to not exceed 10% of the NAV of the Fund, excluding derivatives used for the dominant purpose of hedging foreign exchange or managing interest rate risk and excluding derivatives used on a temporary basis, or in extreme or unforeseen situations. The Fund will be rebalanced within a reasonable period if it moves above this limit. Interest rate derivatives may be used at the Investment Manager's discretion to alter the interest rate duration of the Fund.[1] Derivatives used on a 'temporary basis' refer to derivative positions that are held and closed out within less than 28 days, including rollover or replacement of the derivative. The Fund does not intend to use derivatives to gear the Fund or to deliver inverse exposure to the assets.

Further, the aggregate exposure of the Fund to all OTC derivative counterparties is managed so that it does not exceed a maximum of 10% of the NAV of the Fund.

Cash may be obtained or held by the Fund or underlying funds as collateral for OTC derivatives.

1 'Duration' measures a fixed income instrument's price sensitivity to interest rate changes and this is influenced by the instrument's time to maturity and coupon.

In respect of the OTC derivatives, we will disclose on a monthly basis:

- the aggregate exposure of the Fund to all OTC derivative counterparties as a percentage of the NAV of the Fund excluding derivatives used solely to hedge foreign exchange risk
- the value of the assets of the Fund (excluding the value of OTC derivatives (other than those used solely to hedge foreign exchange risk) but including any collateral obtained by the Fund in relation to the OTC derivatives) as a percentage of the NAV of the Fund
- the aggregate notional exposure of the derivatives the Fund holds or is exposed to (expressed as a percentage of the NAV of the Fund), excluding derivatives used solely to hedge foreign exchange risk
- the swap costs that the Fund has incurred or will incur in relation to its OTC derivatives, and
- a breakdown of the collateral the Fund holds or is exposed to in relation to its OTC derivatives by security type, country, sector, currency and credit rating.

This information is available on the 'ASX Market Announcements Platform' on the ASX website. Copies of the ASX announcements for the Fund will also be available on our website.

2.3 Valuation and unit pricing

2.3.1 NAV unit price

The net asset value (**NAV**) of the Fund is generally calculated for each ASX trading day in accordance with the Scheme's constitution, broadly by deducting the liabilities (including any accrued fees) of the Scheme attributable to the Fund from the aggregate value of the assets of the Scheme attributable to the Fund.

The NAV unit price is calculated by dividing the NAV of the Fund by the number of units on issue in the Fund. The NAV unit price will vary as the market value of the Scheme's assets and liabilities, attributable to the Fund, rises or falls.

Application and redemption prices take into account our estimate of transaction costs (the **buy/sell spread**), and as a result, the application price will be higher than the NAV unit price (by the amount of the buy spread), and the redemption price will be lower than the NAV unit price (by the amount of the sell spread). See Section 5 for further details on the buy/sell spread.

Under the constitution of the Scheme, we have certain discretions in determining application and redemption prices. We have documented our policy regarding the exercise of these discretions. You can obtain a copy of the policy and the related documents free of charge by contacting Client Service. In some circumstances, we may need to suspend the calculation of unit prices for the Fund including indefinitely. For example, this may be necessary due to the closure of, or trading restrictions on, securities exchanges.

Only Authorised Participants may apply for units under this PDS. Other investors may acquire units on the Exchange. The trading price of units on the Exchange on a particular day may vary from the NAV unit price for that same day due to factors such as investor demand for units on the Exchange and the spread between the bid price (price at which Authorised Participants are willing to buy units on the Exchange) and the ask price (price at which Authorised Participants are willing to sell units on the Exchange). Typically, the price at which Authorised Participants are willing to buy units from investors on a particular day will be less than the NAV unit price for that same day and the price at which Authorised Participants are willing to sell units to investors on a particular day will be higher than the NAV unit price for that same day. The NAV unit price for an ASX trading day is typically published on the next ASX trading day.

2.3.2 Valuation of assets

We normally value the Fund's assets at their most recent market value, using independent pricing sources where available for the particular asset type. Any interests held in unlisted funds are normally valued at their most recent prices as supplied by the fund operator. Assets are valued as at the close of business on an ASX trading day in each of the relevant domestic or international markets. We may use model values or fair values if market values are not available, not available in a timely fashion or are considered by us to be unreliable.

The valuation methods and policies we apply to value the Fund's assets and liabilities are consistent with applicable industry standards and result in unit price calculations that are independently verifiable.

Fair value

The Fund may have exposure to a security that is subject to a trading suspension or where valuing the security is otherwise difficult or independent pricing sources are not available in a timely manner. While a fair value may be ascribed to the position, the price of the security following the lifting of the suspension or the circumstances causing the difficulties in valuation may differ significantly. An investor, who holds units at the time the Fund had exposure to a security that is fair valued and redeems the units prior to a revaluation, will not benefit from any higher revaluation of the security.

Yet to be issued bonds

The Fund may invest in, or obtain exposure to, yet to be issued fixed income securities. In accordance with Macquarie's securities valuation policy, such securities will generally be held by the Fund and/or the underlying funds at their issue price (that is, par value) until they are valued by an approved pricing vendor, which generally occurs by, or shortly after, the issue of such securities.

Fixed income securities held by the Fund and/or underlying funds, that are eligible for investment under the AQUA Rules as 'Eligible Debt Portfolio' securities, are valued by pricing vendors that have been specified for the purposes of the 'Eligible Debt Portfolio' rules (**Approved Pricing Vendors**). In rare cases, the Fund's Approved Pricing Vendors may not be able to value an 'Eligible Debt Portfolio' security, in which case Macquarie would seek to divest the security within a reasonable period of time.

2.4 Distributions

The Fund may receive income and gains from its investments. We will generally seek to make distributions to investors on a monthly basis. Where the Scheme is an Attribution Managed Investment Trust (**AMIT**), distributions will generally be determined having regard to a range of different factors including market conditions, the estimated or actual yield of the assets of the Scheme and the taxable income of the Scheme, and distributions may be higher or lower than the Scheme's taxable income. Where the Scheme is not eligible to be treated as an AMIT, distributions will generally be calculated based on the taxable income of the Scheme but may include capital paid out of the Scheme.

Under the AMIT rules, investors will be assessed for tax on the taxable income of the Fund attributed to them. Where the taxable income of the Fund exceeds the amount of the distribution paid to investors (**Excess**), Macquarie may, in a particular year, retain or accumulate the Excess in the Fund. In this scenario, the taxable income of the Fund attributed to you (and that must be included in your income tax return) will be more than the distribution paid to you. The tax cost base of your units will increase to the extent of the Excess. Refer to Section 6 for more information.

Undistributed gains accrue in the NAV unit price of the Fund during the relevant distribution period. This means that if an investment is made just before the end of a distribution period, you may receive some of the investment back immediately as income or net realised gains. NAV unit prices may fall as a result of the allocation of distributions to investors.

You may elect to have your distributions paid directly into a nominated Australian financial institution account or to have your distributions reinvested as additional units. Elections will be effective in respect of the first distribution after receipt of the election provided the election is received by 5.00pm (Sydney time), or such time as we otherwise determine, on the distribution reinvestment plan election date for the relevant distribution period. We will notify you of the distribution reinvestment plan election date for each distribution period through an ASX Market Announcement. If an election is received after 5.00pm (Sydney time), or such time as we otherwise determine, on the distribution reinvestment plan election date for a distribution period, the election will **not** apply to that distribution period but will only apply from the next distribution period.

If you do not make an election, your distribution will be paid as cash into your nominated Australian financial institution account. However, if you have not nominated an Australian financial institution account, your distributions will be reinvested. You can make an election or nominate an Australian financial institution account for cash distributions through the Macquarie Managed Funds online portal (**Portal**) or through the 'Change of details' form available on our website or by contacting us. You can also nominate a bank account for distributions by providing this information to your broker or share trading platform to send to us through CHESS message. Please refer to 'Macquarie Managed Funds online portal' in Section 8.1.1 of this PDS for more information on the Portal.

Unless we determine otherwise, an investor may not participate in the distribution reinvestment plan unless the investor has a registered address on the record date for the distribution that is in Australia or New Zealand. Investors whose registered address is outside Australia or New Zealand are not eligible to participate in the distribution reinvestment plan. We have the absolute discretion to accept or refuse an election to participate in the distribution reinvestment plan at any time and without providing a reason.

Units issued on reinvestment of distributions to investors will be rounded to the nearest whole number of units, and any residual balance after rounding will **not** be carried forward to the next distribution period but instead will become an asset of the Fund.

You should be aware that although the Fund aims to pay distributions, the amount of each distribution may vary or no distribution may be payable in a distribution period.

Cash distributions may be paid into a non-interest bearing trust account in order to facilitate payment of these amounts to your nominated account. If we are unable to credit your account for any reason, these amounts may continue to be held in such a non-interest bearing trust account until you provide alternative payment instructions or we are required by law to pay these amounts to any regulatory body or other person or account.

2.5 Calculating the performance of the Fund

Performance figures for the Fund are calculated before tax and after deducting ongoing fees and expenses, using NAV unit 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. Performance history information can be obtained from our website at **etf.macquarie.com** or by contacting Client Service.

Past performance is not a reliable indicator of future returns, which can differ materially. Please note that your net returns are likely to differ from the net return of the Fund due to factors such as the price at which you buy or sell units on the Exchange being different to the NAV unit price.

2.6 Standard Risk Measure(SRM)

The Standard Risk Measure (**SRM**) for the Fund is noted below.

1 Very low	2 Low	3 Low to medium	4 Medium	5 Medium to high	6 High	7 Very high

We have calculated the SRM for the Fund based on industry guidance to allow investors to compare funds that are expected to deliver a similar number of negative annual returns over any 20-year period. The table sets out the standard risk measure bands/labels used for the Fund.

The SRM is not a complete assessment of all forms of investment risk. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than an investor requires to meet their investment objectives/needs. Investors should still ensure they are comfortable with the risks and potential losses associated with the Fund.

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

2.7 Labour standards, environmental, social and ethical considerations

Macquarie Asset Management (of which both the Investment Manager and Macquarie form a part) generally invests with long- term horizons, seeks to minimise risk and maximise returns based on the investment objective of each fund it manages. It recognises that labour standards, environmental, social and ethical (**ESG**) considerations are important for assessing investment risk and that positive performance in these factors may be a potential indicator of management quality and operational performance, which have the potential to create long-term value.

The investment team considers ESG factors, where applicable, as part of the overall assessment of an investment case for directly held fixed income securities and in the context of other considerations. However, ESG factors are not the primary objectives nor primary considerations in the investment process of the Fund. While the Fund does take into account certain ESG factors and apply a negative screen, the Fund is not designed for investors whose primary objectives include consideration of ESG factors or meeting specific ESG goals, either by screening out particular types of companies or investments for ESG purposes, or as part of the investment process. Consideration of ESG factors does not imply that the Fund is marketed or authorised as an ESG product.

The investment team uses proprietary ESG risk rating frameworks to assess material ESG factors for relevant directly held investments, which in this case are developed market corporate securities. The relevance and application of each framework depends on the nature of the investment strategy (for example, whether the Fund invests in predominantly developed market corporates, developed market sovereigns, or a combination of these). A high ESG risk rating does not necessarily preclude the investment team from investing in a security. The ratings are considered in the context of other factors relating to the issuer and security overall.

The proprietary ESG risk ratings frameworks may be supplemented by access to external tools and resources, including data sourced from third-party providers. Certain data may be incomplete, inaccurate or unavailable from time to time, which may affect the accuracy of the ESG risk rating assigned to certain investments.

In addition, the Fund does not invest directly in debt issued by public companies that are classified as being in the 'tobacco' industry according to the Global Industry Classification Standard (**GICS®**), defined as manufacturers of cigarette and other tobacco products.

A company will generally be classified to this sub-industry classification where this definition most closely describes the business activities that generate more than 60% of the company's revenue. The primary source of information used for classification is a company's annual reports and accounts. Other sources include broker reports and other published research literature.

The classification is assigned at the company level; meaning all securities, equities or corporate bonds issued by the company will have the same GICS® classification as the company. If a company has only issued corporate bonds (not equities), the issuer is assigned a classification based on the GICS® of its related listed entity; that is, its parent company or ultimate parent company, as available in GICS® Direct, and if not available, the issuer will be classified based on its own or the underlying business of its related entities. GICS® is not assigned to

supranationals, municipals, sovereigns, shell companies, mutual funds or exchange traded funds.

The Fund may have incidental or unintended indirect exposure to companies that are defined as 'tobacco' securities through other investments, such as exchange traded funds, derivatives, other financial instruments, underlying funds or other investment vehicles, or due to changes in corporate activity. The Fund may have exposure to securities of companies involved in tobacco that are not classified as manufacturers of cigarette or other tobacco products under GICS® (for example, tobacco distributors or retailers), or are not classified under GICS®.

Application of the negative screen is monitored on an ongoing basis. Issuers of securities in the Fund may fail to meet the investment team's or data provider's ESG criteria from time to time. The investment team will seek to remove an investment that meets the negative screening criteria as soon as reasonably practicable, while seeking to minimise the impact on the Fund. Given that the Fund will primarily invest in subordinated bonds issued by Australian entities or denominated in Australian dollars, with significant exposure expected to be to those issued by Australian major banks and other financial institutions, there may be limited or no companies, whose fixed income investments the Fund proposes to invest in, that meet the above negative screening criteria.

Where the Fund invests into another fund, the extent to which the investment team of an underlying fund applies its respective ESG processes and assessments at the underlying portfolio level, including any negative screening, will vary depending on the securities exposures and investment strategy. Therefore, this can result in the Fund indirectly having exposure to certain investments which do not consider ESG.

From time to time, the investment team may undertake engagement with company management from the perspective of a bondholder. As with all debt investors, the Fund's investments do not have attached voting rights. This makes it difficult for the investment team to have the same level of engagement as would be the case for an equity investor. Where relevant, the investment team will seek to engage with company management on ESG related issues as part of the analysis of debt issuance from these companies.

2.7.1 Additional information about negative screens

Macquarie Asset Management relies on third-party data providers to assess the involvement of companies in the activities which are negatively screened. These data providers determine company involvement or implied non-involvement with the relevant activity based on their definition of involvement and the scope of their assessment universe. These definitions may differ to definitions commonly used or used by other data providers.

If a company is not in the scope of the data provider's assessment universe, that company will not be subject to the screening and may be held in a portfolio. The data used by data providers may be out of date or incorrect or involvement by companies in certain activities may be misidentified.

Screening methodology may change from time to time. Where the methodology changes, we will endeavour to update the screen descriptions in a timely manner after becoming aware of the changes.

2.8 Changes to the Fund or Scheme

We may make changes to the Scheme from time to time, including to the investment strategy of the Scheme or to investors' redemption rights. We will provide such notice as required by the Corporations Act or the Scheme's constitution, and if required by either the Corporations Act and/or the Scheme's constitution, we will seek unitholder approval at a meeting of unitholders (see Section 9 of this PDS for more information).

You should bear in mind we have the discretion to replace the Investment Manager with one or more investment managers. In certain circumstances, we may replace the Investment Manager without notice to you if we think it is in the best interests of investors in the Scheme as a whole to do so.

We may also terminate the Fund or the Scheme in accordance with the Corporations Act and the Scheme's constitution. If the Fund or Scheme terminates, both the Fund or Scheme (as relevant) and unitholders may crystallise taxable gains or losses (including capital gains or losses). You are encouraged to seek independent tax advice on the implications of investing in managed funds.

2.9 Switching

There is only one investment option for the Scheme. Switching is not available.

2.10 Securities lending

As at the date of this PDS, the Fund and the underlying funds, that the Fund invests in, do not engage in securities lending over their assets.

3. About the AQUA Rules framework and CHESS

3.1 AQUA Rules: Fundamental difference

Units in the Fund are quoted for trading on the Exchange under the AQUA Rules. The Fund is not listed on the ASX under the ASX Listing Rules. The Fund is subject to the AQUA Rules, which are outlined below and available at www.asx.com.au.

The key distinction between products admitted under the ASX Listing Rules and those quoted under the AQUA Rules is the level of control and influence that the issuer of the relevant product has over the value of the underlying assets of the product.

Under the ASX Listing Rules, listed equity securities typically reflect the value of the business operated by the issuer. By contrast, the value of a product quoted under the AQUA Rules typically reflects the performance of the underlying assets.

The key specific differences between the AQUA Rules and the ASX Listing Rules are set out in the table below.

	ASX LISTING RULES	**AQUA RULES**
Control	An issuer: • controls the value of its own securities and the business it runs, and • the value of those securities is directly influenced by the equity issuer's performance and conduct. For example, the management and board of a listed company generally control the fate of the business and, therefore, have direct influence over the share price.	An issuer: • does not control the value of the assets underlying its products, but • offers products that give investors exposure to the underlying assets such as shares, bonds, indices, currencies or commodities. The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself. For example, a managed fund issuer does not control the value of the shares it invests in.
Continuous disclosure	Issuers are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.	Issuers are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act but must disclose information about: • the net tangible assets (**NTA**) or the NAV of the fund • distributions paid in relation to the fund • redemptions, and • any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act, which must be disclosed through the 'ASX Market Announcements Platform' at the same time it is disclosed to ASIC. Issuers are required to provide the ASX with any information that the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.
Periodic disclosure	Issuers are required to disclose their half-yearly and annual financial information or annual reports to the ASX under Chapter 4 of the ASX Listing Rules.	Financial reports relating to the issuer itself are not required to be disclosed to ASX. However, the fund's periodic financial reports must be disclosed to the ASX at the same time they are lodged with ASIC under Chapter 2M of the Corporations Act.
Corporate control	Requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings apply to companies and listed schemes.	These requirements do not apply to products quoted under the AQUA Rules. Section 601FM of the Corporations Act continues to apply to the removal or change of the responsible entity by an extraordinary resolution of members.

	ASX LISTING RULES	AQUA RULES
Related party transactions	Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.	Chapter 10 of the ASX Listing Rules does not apply to AQUA products. A responsible entity of a registered managed investment scheme is required to comply with the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.
Auditor rotation obligations	There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.	Issuers are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act. A responsible entity of a registered managed investment scheme will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with section 601HG of the Corporations Act.
Spread requirements	There are requirements that issuers satisfy certain minimum spread requirements (that is, a minimum number of holders each having a minimum parcel size).	These requirements do not apply to AQUA products quoted under the AQUA Rules. Unless and until a suitable spread of holders is achieved, issuers must ensure a reasonable bid and volume is maintained for the fund on the ASX except in permitted circumstances, or have in place other arrangements which meet the ASX's requirements for providing liquidity, generally through the appointment of a market maker.

3.2 CHESS

The Clearing House Electronic Sub-register System (**CHESS**) facilitates the clearing and settlement of trades in shares, units, other financial products traded on the ASX, and provides an electronic sub-register for those products on the ASX.

The unit registry maintains an electronic sub-register for the units in the Fund with CHESS on behalf of Macquarie. Macquarie will not issue investors with certificates in respect of their units held in the Fund. Instead, when investors purchase units on the Exchange, Issuer Sponsored Holders will receive a holding statement from the unit registry which will set out the number of units they hold, together with the Securityholder Reference Number. CHESS holders will receive a holding statement from ASX Settlement which will set out the number of units they hold, together with a Holder Identification Number allocated by CHESS.

4. Risks you should consider

All investments carry risk. Different investments carry different levels of risk, depending on the investment strategy and the underlying investments. Generally, the higher the potential return of an investment, the greater the risk (including the potential for loss and unit price variability over the short term). When you make an investment, you are accepting the risks of that investment. It is important to understand these risks before deciding to invest.

The level of risk that you are willing to accept will depend on a range of factors including your financial objectives, risk tolerance, age, investment timeframe and where other parts of your wealth are invested. The value of your investment and the returns from your investment will vary over time. Future returns may differ from past returns. We do not guarantee the returns of the Fund and you may lose some or all of the money that you have invested. The significant risks of the Fund are described below but other risks may also adversely affect the Fund. You should seek your own professional advice on the appropriateness of this investment for your particular circumstances and financial objectives.

Investment risk: The Fund seeks to generate higher income returns than traditional cash investments. The risk of an investment in the Fund is higher than an investment in a typical bank account or term deposit. Amounts distributed to unitholders may fluctuate, as may the Fund's NAV unit price, by material amounts over short periods.

Manager risk: There is no guarantee that the Fund will achieve its performance objectives, produce returns that are positive, or compare favourably against its peers, or that the strategies or models used by the Investment Manager will produce favourable outcomes.

Income securities risk: The Fund may have exposure to a range of income securities. The value of these securities may fall, for example due to market volatility, interest rate movements, perceptions of credit quality, supply and demand pressures, a change to the reference rate used to set the value of interest payments, market sentiment, or issuer default.

Default risk: Issuers of securities that the Fund has exposure to may default on their obligations, for instance by failing to make a payment due or by failing to return principal. Counterparties to the Fund and/or an underlying fund may default on a contractual commitment. Default on the part of an issuer or counterparty could result in a loss to the Fund.

Credit risk: The value of the investments that the Fund has exposure to may be sensitive to changes in market perceptions of credit quality, both of individual issuers and of credit markets in general. Deteriorations in the market's perception of credit quality may negatively impact the values of such securities, and hence the Fund's NAV unit price.

Liquidity risk: Investments may be difficult or impossible to sell, either due to factors specific to that security, or to prevailing market conditions, resulting in a loss to the Fund or delays in redemption processing or even the suspension of redemptions. A large redemption or application may result in the exposure of the Fund to particular investments, sectors or asset classes being altered significantly due to the security sales or purchases required.

International and emerging market risk: The Fund has exposure to a range of international economies, and this may include emerging market economies. Global and country specific macroeconomic factors may impact the investments that the Fund has exposure to. Governments may intervene in markets, industries, and companies; may alter tax and legal regimes; and may act to prevent or limit the repatriation of foreign capital. Emerging markets are generally riskier than developed markets due to factors such as lower liquidity, potential for political unrest leading to recession or war, greater potential for sanctions to be imposed on emerging market countries or their citizens, companies or institutions, increased likelihood of sovereign intervention (including default and currency intervention), currency volatility, increased risk of securities or bond markets in emerging market countries closing for extended periods and increased legal risk. Emerging market investments therefore may experience increased asset price volatility and face higher currency, default and liquidity risk.

Subordinated debt risk: Subordinated debt ranks below senior debt, and also generally is only ranked above Tier 1 capital and equity in terms of the priority of payment should the debt issuer experience a default. This means that the Fund may receive no payment in the event of issuer default, even for higher rated subordinated debt issues. Subordinated debt can have complex legal terms of issue, which may impact the value of the securities, and lead to larger losses in a default scenario.

Credit ratings risk: The Fund has exposure to securities that may have been assigned credit ratings by external ratings agencies. A rating downgrade could reduce the value of a security. Credit ratings do not guarantee the credit quality of a security and may be re-assessed by rating agencies in a range of circumstances.

Currency risk: The Fund has exposure to investments denominated in currencies other than Australian dollars. Currency risk is the risk that fluctuations in exchange rates impact the Australian dollar value of the foreign investments that the Fund has exposure to. The Fund generally seeks to reduce this risk by hedging its currency exposure; however, hedging may not completely remove currency risk, may reduce profitable opportunities, and increase costs.

Interest rate risk: The value of the investments that the Fund has exposure to will generally be sensitive to changes in market interest rates. In addition, changes to reference rates may impact the value of your investment in the Fund.

Valuation risk: The carrying value of the investments, to which the Fund has exposure, which is used to generate the Fund's NAV unit price may not reflect their liquidation value. This may be due to a range of factors, including buy/sell spreads, liquidity pressures, market sentiment at the time of liquidation and the volume of securities being liquidated.

Derivatives risk: Derivatives may be used by the Fund to hedge existing exposures or to gain economic exposure. The use of derivatives may expose the Fund to risks including counterparty default, legal and documentation risk, and may have the effect of magnifying both gains and losses.

Underlying fund risk: Where the Fund invests in an underlying fund, the Fund is exposed to the risks of the underlying fund including investment performance, liquidity, management, default and counterparty risk.

Cybersecurity risks: Macquarie and its service providers' use of internet, technology and information systems may expose the Fund to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, among other things, could allow an unauthorised party to gain access to proprietary information, customer data, or the Fund assets, or cause Macquarie and/or its service providers to suffer data corruption or lose operational functionality.

Investment objective risk: There is no assurance that the Fund's investment objective will be achieved or that an investment in the Fund will earn any positive return in the short or long term.

Fund risk: There is a risk that the Fund could terminate, that fees and expenses or the Fund's investment strategy could change, or that Macquarie or the Investment Manager may not be able to continue to act. For example if Macquarie or the Investment Manager loses its licence, it could be replaced as responsible entity or investment manager of the Fund, respectively, or the Fund could be wound up. Any replacement responsible entity or investment manager might achieve different results for investors, positive or negative, than would otherwise be the case.

Operational risks: The Fund's day-to-day operations may be adversely affected by circumstances beyond our reasonable control, such as failure of technology or infrastructure, or natural disasters. A breakdown in administrative procedures and risk control measures implemented by us or the Fund's service providers may also adversely affect the operation and performance of the Fund.

Force majeure risk: Macquarie, the Investment Manager, or issuers or counterparties of investments that the Fund holds or has exposure to may be impacted by an event beyond the control of that party which affects that party's ability to perform its obligations and may cause losses to the Fund. This includes events such as fire, flood, earthquakes, pandemic, war, terrorism and labour strikes.

Regulatory and legal risk: Laws and regulatory policy affecting registered managed investment schemes may change in the future and have an adverse impact on the Fund.

Class risk: The Fund has been established as a separate class of units in the Scheme, an existing registered managed investment scheme. The assets and liabilities of all classes of units in the Scheme are pooled. In other words, the assets and liabilities of each class are not segregated from the assets and liabilities of other classes of units in the Scheme. This means that investors in the Fund are exposed to the liabilities of other classes of units in the Scheme, and vice versa, and that there is a risk that investors in the Fund could lose some or all of their investment in the Fund as a result of exposure to the liabilities of another class. As at the date of this PDS, the Scheme has other classes of units on issue and we may issue additional units in the Scheme of the same class or of a different class to the units already on issue.

There are a number of risks associated with the structure and operations of the Fund as a consequence of it being admitted for trading on the Exchange, which include:

- **Market making risk:** Although units in the Fund are quoted, there can be no assurance that there will be a liquid market in the units. To facilitate an orderly and liquid market in the units, we have appointed a Market Maker(s). While we are obligated to monitor the market maker's ability to maintain continuous liquidity to the market, there is no guarantee that these requirements will always be met. Units in the Fund may be suspended from trading or removed from quotation, either at the request of Macquarie or by the ASX, which will impact on the liquidity of units. Furthermore, the price at which the units trade on the Exchange may not reflect the NAV unit price of the Fund at that time.
- **Settlement risk:** The Fund may be exposed to settlement risk as the application and redemption processes associated with the issue or redemption of units are subject to the normal settlement procedures through CHESS. The operation of CHESS means that units will normally be issued before Authorised Participants have paid the application amount for those units to Macquarie. Similarly, units will normally be redeemed before the Authorised Participant has delivered the specific units up to Macquarie for redemption. If an Authorised Participant fails to comply with its settlement obligations on time (that is, to pay the application amount or deliver up units), the Fund may suffer losses as the Fund may have entered into transactions in reliance on the receipt of such application amount or units. Further, the Fund's agreements with Authorised Participants may limit or exclude the Authorised Participant's liability to Macquarie or the Fund for such losses or damages.
- **Trading risk:** The ASX may, under certain circumstances, suspend trading of units in the Fund, and therefore investors will not be able to buy or sell units on the Exchange. Trading of units may also be suspended in other circumstances, such as around the end of a distribution period, where the creation and redemption of units is suspended or restricted or where factors prevent the accurate calculation of unit prices.

  If you buy or sell units on the secondary market, you will pay or receive the trading price, which is likely to be higher or lower, respectively, than the NAV unit price at that time. The trading price is dependent upon a number of factors that do not affect the NAV unit price, including demand for and supply of units in the Fund, investor confidence, the availability of Market Maker services during the course of the ASX trading day and the spreads applied by the Market Makers or other Authorised Participants. In some cases, the differences between the bid (buy) and ask (sell) prices for units on the Exchange and the NAV unit price may be significant. This risk is mitigated as the application and redemption mechanism is designed to minimise the likelihood that the units will trade on the Exchange at a significantly different price to the NAV unit price. The risk is further mitigated as the full portfolio holdings for the Fund (on a look- through basis) are published each ASX trading day, with the Fund holdings for an ASX trading day generally available two ASX trading days after the relevant day.

Periods of increased market volatility or disruptions to the market-making function may result in wider bid/ask spreads for units and trading prices that differ significantly from the NAV unit price. This risk may be higher in the period shortly after the Exchange opens for trading and near the close of trading. If an investor purchases units at a time when the trading price is at a significant premium to the NAV unit price or sells at a time when the trading price is at a significant discount to the NAV unit price, then the investor may sustain significant losses. Investors should consider placing 'limit orders' to reduce the risk of trading at unfavourable prices.

- **ASX liquidity risk:** The liquidity of trading in the units on the Exchange may be limited. This may affect an investor's ability to buy or sell units. Investors will not be able to purchase or sell units on the Exchange during any period that the ASX suspends trading of units in the Fund. Further, where trading in the units on the Exchange has been suspended for five consecutive ASX trading days, the availability of the Fund's off-market redemption facility will be subject to the provisions of the Scheme's constitution and will not apply if the Scheme is being wound up or is not liquid, as defined in subsection 601KA(4) of the Corporations Act, or we suspend redemptions in accordance with the Scheme's constitution.
- **The Fund may be removed from quotation by the ASX or terminated:** ASX imposes certain requirements for the continued quotation of securities, such as the units, on the Exchange under the AQUA Rules. While Macquarie will implement compliance procedures to seek to meet these requirements, investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain quotation on the Exchange. In addition, the ASX may change the quotation requirements.

  Macquarie may elect, in accordance with the Scheme's constitution and the Corporations Act, to terminate the Fund or Scheme for any reason including terminating the Fund if the units cease to be quoted on the Exchange. Information about the AQUA Rules applicable to quotation of units on the Exchange is set out in Section 3 of this PDS.

5. Fees and costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account 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 fees. Ask the Fund or your financial adviser.

TO FIND OUT MORE

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

5.1 Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in another part of this PDS.

You should read all of the information about fees and costs as it is important to understand their impact on your investment. You can use this information to compare costs between different simple managed investment schemes.

Fees and costs summary – Macquarie Subordinated Debt Active ETF

Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment	0.290% pa comprising:	
	Management fee[1] – 0.290% pa of the NAV of the Fund	Accrues daily and is payable quarterly in arrears, generally within 30 days of the end of the quarter. Deducted from the Fund's assets and reflected in the NAV unit price.
	Fund expenses and indirect costs[2,3] – 0.000% pa of the NAV of the Fund	Generally deducted from the Fund's assets or an underlying fund's assets, reflected in the NAV unit price and paid when incurred.
Performance fees Amounts deducted from your investment in relation to the performance of the product	**Fund** – Nil	While we have a right under the Fund's constitution to charge a performance fee, we do not currently charge a performance fee and, as at the date of preparation of this PDS, do not intend to charge a performance fee. Prior to implementing a performance fee, we will give any notice required under the Corporations Act.
	Underlying funds – Not applicable	Where payable, generally deducted from the Fund's assets on a periodic basis and reflected in the NAV unit price.
Transaction costs The costs incurred by the Fund when buying or selling assets[3]	0.000% pa of the NAV of the Fund	Deducted from the Fund's assets, reflected in the NAV unit price and generally paid when incurred.

5. Fees and costs

Type of fee or cost	Amount	How and when paid
Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)		
Establishment fee The fee to open your investment	Not applicable	Not applicable
Contribution fee The fee on each amount contributed to your investment	**If you are buying units on the Exchange:** Nil **If you are an Authorised Participant:** $300 per application[4]	Only payable by Authorised Participants when they apply for units in the Fund.
Buy/Sell spread An amount deducted from your investment representing costs incurred in transactions by the Fund	As at the date of preparation of this PDS, is: • 0.07% added to the NAV unit price on application, and • 0.16% subtracted from the NAV unit price on redemption, but we may vary this from time to time. Latest buy/sell spreads can be obtained by contacting Client Service.	Buy/Sell spreads may apply to the Fund. The buy/sell spread is reflected in the application price and redemption price respectively and is not separately charged to the investor. See 'Buy/Sell spread' below for more information. Please note that the buy/sell spread shown in this PDS is charged to Authorised Participants when they apply for, or redeem, units in the Fund directly with us. This is also the buy/sell spread that would apply in the limited circumstances where investors, other than Authorised Participants, are permitted to redeem their units in the Fund directly with Macquarie.[5] See 'Bid/Ask spread for transactions on the Exchange' below for more information on bid/ask spreads that investors, other than Authorised Participants, will bear when buying or selling units in the Fund on the Exchange.
Withdrawal fee The fee on each amount you take out of your investment	**If you are selling units on the Exchange:** Nil **If you are an Authorised Participant:** $300 per redemption[4]	Only payable by Authorised Participants when they redeem units in the Fund.
Exit fee The fee to close your investment	Not applicable	Not applicable
Switching fee The fee for changing investment options	Not applicable	Not applicable

Unless stated otherwise, all fees are shown inclusive of GST and net of any input tax credits (**ITCs**) and/or reduced input tax credits (**RITCs**) and are shown without any other adjustment in relation to any tax deduction available to Macquarie. The proportion of GST paid on the fees that can be recovered by the Fund as RITCs, or otherwise, varies.

The fees paid by the Fund will equal the rates disclosed in this section (inclusive of GST, net of ITCs and/or RITCs) regardless of the rate of GST recovery in any period.

1 May be negotiated if you are a wholesale client under the Corporations Act and subject to compliance with applicable regulatory requirements. Refer to 'Differential fees' below for more information.

2 May include fund expenses and/or indirect costs of underlying funds. We do not currently seek reimbursement from the Fund for administrative expenses of the Fund. We may, however, seek reimbursement from the Fund in the future for administrative costs, including (without limitation) costs related to the listing of the units on the Exchange or custody fees and expenses. Abnormal expenses will generally be paid by the Fund. Refer to 'Management fees and costs' below for more information.

3 Based on historical fees and costs. Past fees and costs may not be a reliable indicator of future fees and costs. Actual fees and costs may vary significantly each year. See 'Additional explanation of fees and costs' below for more information.

4 The minimum amount is one creation unit, which, at the date of this PDS, is equal to 10,000 units. The number of units in the Fund that constitute a creation unit is subject to change.

5 The spreads borne by investors, other than Authorised Participants, when buying or selling units in the Fund on the Exchange will differ to the spreads shown in this PDS. See 'Bid/Ask spread for transactions on the Exchange' below for more information.

Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs in the Fund can affect your investment over a 1-year period. You should use this table to compare the Fund with other products offered by managed investment schemes.

Example		Balance of $50,000 with a contribution of $5,000 during year
Contribution fees[1]	$0 or $300	For every additional $5,000 you put in, you will be charged a contribution fee of: • **$0** if you are buying units on the Exchange, or • **$300** if you are an Authorised Participant.
PLUS Management fees and costs[2]	0.290% pa	**And**, for every $50,000 you have in the Fund, you will be charged or have deducted from your investment **$145** each year.
PLUS Performance fees	Nil	**And**, you will be charged or have deducted from your investment **$0** in performance fees each year.
PLUS Transaction costs[3]	0.000% pa	**And**, you will be charged or have deducted from your investment **$0** in transaction costs.
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 would be charged fees and costs of:[4] • **$145** if you bought your units on the Exchange, or • **$445** if you are an Authorised Participant. **What it costs you will depend on the fees you may be able to negotiate.**

1 Payable only by an Authorised Participant. Additionally, an Authorised Participant, who redeems units, will also be charged a withdrawal fee of $300 per redemption.

2 Calculated using the fees and costs as a percentage of the average NAV of the Fund for the previous financial year. It is not a forecast of the fees and costs, which may be higher or lower in the future.

3 Calculated using the costs as a percentage of the average NAV of the Fund for the previous financial year. It is not a forecast of the costs, which may be higher or lower in the future.

4 Assumes there is no variation in the value of investment and the additional investment of $5,000 is made at the end of the period. The value of the Fund may fluctuate daily and therefore, the actual fees and costs charged may vary accordingly.

5.2 Additional explanation of fees and costs

5.2.1 Management fees and costs

Management fees and costs comprise the fees or costs that a unitholder incurs by investing in the Fund. Management fees and costs are made up of the management fee as well as indirect costs and fund expenses that are deducted from the assets of the Fund. The management fees and costs shown in this PDS do not include any potential abnormal expenses. In addition, management fees and costs do not include transaction costs, that is, costs associated with investing the underlying assets, some of which may be recovered through buy/sell spreads.

Management fee

The management fee is deducted from the assets of the Fund and comprises the Investment Manager's and our remuneration for managing and overseeing the operations of the Fund. The management fee is calculated daily as a percentage of the Fund's NAV, accrued daily in the NAV unit price and paid quarterly in arrears. The management fee for a quarter is generally paid within 30 days of the end of the quarter.

Fund expenses

Fund expenses are the costs (excluding the management fee) that we may recover from the assets of the Fund in managing the Fund. These costs are not directly charged or retained by us for acting as the responsible entity of the Fund. The constitution allows properly incurred expenses to be recovered directly from the Fund. When expenses are paid by the Fund, they will be deducted from the Fund's assets and reflected in the NAV unit price. Expenses are generally paid when incurred.

Administrative expenses

We currently do not seek reimbursement for administrative expenses such as custody fees, registry costs, audit, accounting and tax fees, postage and printing costs, Exchange fees and Market Maker fees. However, we may seek reimbursement from the Fund for administrative costs in the future, including (without limitation) costs related to the listing of the units on the Exchange or custody fees and expenses.

Abnormal expenses

Abnormal expenses such as the cost of unitholder meetings, defending legal proceedings and the costs of terminating the Fund will generally be paid by the Fund. Abnormal expenses are not generally incurred during the day-to-day operation of the Fund and are in addition to administrative expenses.

Indirect costs

Indirect costs are any amounts, other than the management fee and fund expenses, that we know or reasonably ought to know, or where this is not the case, reasonably estimate have reduced or will reduce, whether directly or indirectly, the assets of the Fund or an amount or value of the income of, or assets attributable to the Fund or an underlying fund in which the Fund invests.

In particular, indirect costs include the management fees and costs of underlying funds (for example, the management fee of an underlying investment trust) and certain costs of over-the-counter derivatives.

The fund expenses and indirect costs in the 'Fees and costs summary' table above are generally based on the fund expenses and indirect costs for the previous financial year. Actual costs may vary including by material amounts. Past costs may not be a reliable indicator of future costs.

Underlying funds – management fees, performance fees and expenses

The Fund may gain exposure to securities and other assets by investing in underlying funds. An underlying fund may charge a management fee, performance fee and expenses.

Where we are (or an entity forming part of the public markets businesses of Macquarie Asset Management is) the responsible entity, trustee or investment manager of the underlying fund

Management fees: Where a management fee is charged by the underlying fund, either that fee will be rebated to the Fund or the management fee charged by the Fund itself will be reduced so that the management fee payable to us (whether directly or indirectly) will not exceed the management fee of the Fund.

Expenses and performance fees: Any performance fee and expenses charged by an underlying fund will generally be indirectly borne by the Fund through the value of the Fund's holding in an underlying fund.

Underlying fund expenses are included in the fund expenses and indirect costs amount for the Fund. Any performance fee is included in the performance fee amount for the Fund.

Where we are not (or an entity forming part of the public markets businesses of Macquarie Asset Management is not) the responsible entity, trustee or investment manager of the underlying fund

Any management fee, performance fee or expenses charged by an underlying fund will generally be indirectly borne by the Fund through the value of the Fund's holding in the underlying fund. The fees and expenses charged by the underlying fund are in addition to the fees and expenses charged by us for your investment in the Fund.

Where the Fund invests into an underlying fund, we have relied on the information provided by the managers of those underlying funds and have made reasonable enquiries where necessary to determine the appropriateness of the fees and costs provided. The management fee and expenses of underlying funds are included in the fund expenses and indirect costs amount for the Fund. Any performance fee is included in the performance fee amount for the Fund.

5.2.2 Transaction costs

Transaction costs incurred by the Fund or an underlying fund that the Fund invests in (such as brokerage, clearing costs, hedging costs, settlement costs, transaction fees, taxes and stamp duty) will generally be incurred as part of the management of the Fund. Transaction costs may be incurred directly by the Fund or, where applicable, indirectly through an underlying fund. These costs are deducted from the Fund's or an underlying fund's assets and reflected in the NAV unit price. They are generally paid when incurred. They are not amounts paid to us or the Investment Manager.

Buy/Sell spread for Authorised Participants

When units are acquired, a buy spread is added to the NAV unit price. The buy spread is an amount which reflects the estimated transaction costs associated with acquiring the underlying investments and may take into account the difference between the bid/offer price of investments traded and/or the estimated market impact of the acquisitions on the price of the investments being acquired.

When units are redeemed, a sell spread is subtracted from the NAV unit price. The sell spread is an amount which reflects the estimated transaction costs of disposing of the underlying investments and may take into account the difference between the bid/offer price of investments traded and/or the estimated market impact of the disposals on the price of the investments being sold.

The buy/sell spreads are retained by the Fund and not paid to us or the Investment Manager. A buy/sell spread seeks to ensure that the estimated transaction costs of the acquisition or redemption are borne by the investor who is applying for or redeeming the units, and not by the other investors in the Fund. The buy/sell spread may apply even if no transaction to acquire or dispose of assets is required (for example, where there is an application from one investor and a corresponding redemption by another investor).

As an example, for a $50,000 application, the Fund currently applies a buy spread of 0.07%, so an investor would pay $35 on application, which represents the estimated transaction costs that would be incurred by the Fund to meet the investor's application request. For a $50,000 redemption from the Fund, a sell spread of 0.16% currently applies, so an investor would pay $80 on redemption, which represents the estimated transaction costs that would be incurred by the Fund to meet the investor's redemption request. The buy/sell spread, and therefore the amounts that an investor pays, may change if, for example, transaction costs change.

We may also, at our discretion, reduce the buy/sell spread in certain circumstances, for example where an investor subscribes using assets (rather than cash) on an application or receives assets (rather than cash) on a redemption.

The buy/sell spread charged to investors offsets some or all of the transaction costs incurred by the Fund which may include costs incurred as part of the ordinary trading activities of the Fund rather than the particular application or redemption. We may vary the buy/sell spread from time to time, including by material amounts. We will not provide prior notice of a change to the buy/sell spread. We will update the buy/sell spread stated in the PDS where there is, in our reasonable view, a material and ongoing change to the buy/sell spread. This update will occur after the change has been made. Please contact Client Service for the latest buy/sell spread prior to applying for, or redeeming, units in the Fund.

Buy/Sell spread for investors (other than Authorised Participants) where they are permitted to redeem their units directly with us

Investors, other than Authorised Participants, may have a right to redeem their units directly with us where the Fund is suspended from trading on the Exchange for more than five consecutive ASX trading days, unless the Scheme is being wound up, the Scheme is not liquid or Macquarie suspends withdrawals in accordance with the Scheme's constitution. Please see Section 7.1.3 for further information. In these circumstances, we may charge a sell spread on the same terms described above for Authorised Participants.

Bid/Ask spread for transactions on the Exchange

The bid/ask spreads that investors, other than Authorised Participants, will bear when buying or selling units in the Fund on the Exchange will differ to the buy/sell spreads shown in Section 5.1.

The Market Maker or other Authorised Participants, when buying units in the Fund from or selling units in the Fund to investors, applies a bid/ask spread that will mean that:

- the price at which the Market Maker/Authorised Participant buys units in the Fund from investors on the Exchange will generally be lower than the prevailing NAV per unit, and
- the price at which the Market Maker/Authorised Participant sells units in the Fund to investors on the Exchange will generally be higher than the prevailing NAV per unit.

The spreads borne by investors, when buying or selling units in the Fund on the Exchange, are likely to be higher than the buy/sell spreads charged by the Fund to the Market Maker/Authorised Participant because the Market Maker/Authorised Participant passes on the buy/sell spreads charged by the Fund to it and then adds an additional amount to cover factors such as market risk and price uncertainty.

The Market Maker/Authorised Participant also seeks to make revenue through the spreads between the bid (buy) and ask (sell) prices that it offers on the Exchange and the NAV per unit. Ultimately, subject to prescribed maximums, the spread between the bid (buy) and ask (sell) prices offered by the Market Maker/Authorised Participant will be determined by market forces on the Exchange.

Gross transaction costs

The gross transaction costs for the Fund for the previous financial year were 0.002% of the NAV of the Fund. The transaction costs shown in the 'Fees and costs summary' table above are net of any buy/sell spread that was charged by the Fund for that period.

When the transaction costs exceed the amount of the buy/sell spread charged, the transaction costs are not fully recovered and so are an additional cost to you.

As required by fees and costs disclosure obligations, the transaction costs disclosed do not include market impact costs, implicit transaction costs, borrowing costs or property operating costs. However, these costs may be borne by the Fund as part of its trading activities, and market impact costs and other implicit transaction costs are taken into account in calculating the buy/sell spread for Authorised Participants.

The transaction costs disclosed (including the buy/sell spread for the Fund) are based on information available as at the date of the preparation of this PDS and assumptions that we consider reasonable. The transaction cost amounts are not forecasts of the total transaction costs in the future. The amount of transaction costs, including buy/sell spreads, may be higher or lower in the future.

Brokerage

In connection with brokerage paid by the Fund, we may, in accordance with applicable laws, receive research products and services where such research assists us in managing the Fund. These brokerage and research costs are reflected in the transaction costs in the 'Fees and costs summary' table above.

5.2.3 Information about fee changes

We may change the amount of the fees without your consent (up to any maximum that is allowed under the Scheme's constitution). If we increase the fees, we will provide you with at least 30 days' written advance notice. We cannot charge more than the constitution of the Scheme allows, unless we obtain investors' approval to do so. Under the constitution, the maximum fees (exclusive of the net effect of GST unless otherwise stated) are:

- a maximum contribution fee of 5% of the investment amount
- a maximum redemption fee of 5% of the redemption amount
- maximum ETF application and redemption fees of $10,000 per application/redemption (inclusive of GST, if any)
- maximum ETF application and redemption cost recovery amounts of $10,000 per application/redemption (inclusive of GST, if any)
- a maximum management fee of 5.5% pa of the NAV of the Fund and/or the NAV of the assets attributable to a class of units in the Fund, and
- a maximum performance fee rate of not more than 50% of the cumulative outperformance of the Fund and/or the assets attributable to a class of units in the Fund over the Index, subject to a high watermark.

5.2.4 Advice and brokerage fees

WARNING: If a financial adviser is consulted, you may have to pay your adviser additional fees and costs for any financial advice that they provide to you.

Please refer to the relevant statement of advice provided by your financial adviser and/or financial services guide provided by your broker for details of these fees.

In addition, investors, who are not Authorised Participants, may incur brokerage fees and may incur commissions when buying and selling the units on the Exchange.

Advice and brokerage fees are separate to any fees we charge in respect of your investment in the Fund, as set out in the 'Fees and costs summary' table above.

5.2.5 Benefits to third party service providers

The dealer group to which an adviser belongs and investor directed portfolio service (**IDPS**) operators, may receive certain payments or other non-monetary benefits from us, such as business and technical support, professional development and entertainment.

We may pay fees to IDPS operators in order to list the Fund on their investment menus and this is paid for by Macquarie and not by the Fund or unitholders. The provision and receipt of such benefits will be in accordance with applicable laws, and these payments and benefits are not an additional cost to you.

5.2.6 Differential fees

We, or the Investment Manager, may negotiate with wholesale clients (as defined in the Corporations Act) differential fees, payments, rebates and other similar arrangements as permitted by the Corporations Act and ASIC relief. There is no set manner or method of negotiating fees, payments or rebates. We may also offer reduced management fees to employees of the Macquarie Group of companies. The reduced fees are determined by us and notified to eligible employees from time to time. These arrangements do not adversely affect the fees paid or to be paid, or the returns of, other unitholders in the Scheme who are not entitled to the benefit of the arrangements. Contact Client Service for more information.

Reduced management fees may be in the form of rebates. At our discretion, the maximum rebate we will offer is 100%, for example where a Macquarie Asset Management fund invests into another Macquarie Asset Management fund, the management fee is generally fully rebated.

5.3 Tax

Refer to Section 6 for information about tax.

6. Taxation considerations

Investing in a registered managed investment scheme is likely to have tax consequences. The information contained in the following summary is intended to be of a general nature only. It does not constitute tax advice and should not be relied on as such. You are strongly advised to seek independent professional advice on the tax consequences of an investment in the Fund, based on your particular circumstances, before making an investment decision.

6.1 Tax position of the Scheme

6.1.1 Income tax

The Scheme has elected into the Attribution Managed Investment Trust (**AMIT**) regime. The Scheme's ability to make and maintain this election is subject to it satisfying certain criteria each year. Under the AMIT regime, taxable income of the Scheme will be attributed to investors on a fair and reasonable basis for each relevant financial year. Where the AMIT regime applies to the Scheme, investors, rather than the Scheme, should be liable for Australian income tax on the taxable income of the Scheme under present income tax legislation.

The AMIT regime is designed specifically for managed funds to provide certainty and flexibility to managed funds and their investors. The AMIT regime also seeks to codify longstanding managed fund industry practice.

Under the AMIT rules:

- The Scheme will be deemed to be a 'fixed trust' for taxation law purposes.
- The allocation of taxable income to investors is based on 'attribution' rather than present entitlement to the 'income' of the Scheme.
- The Scheme has the ability to treat classes of units as separate for the purposes of the AMIT rules.
- The Scheme may make year-on-year adjustments to reflect under-or-over distributions of the Scheme's income ('under and overs').
- The cost base of an investor's units will increase or decrease where the taxable income attributed to the investor for an income year is greater than or less than (respectively) the cash distribution and tax offsets received by the investor for that income year.

While investors will be attributed income under the AMIT regime, this should not fundamentally change the way investors are taxed:

- Australian residents will include their share of the Scheme's taxable income in their income tax return, and
- non-residents will have withholding tax deducted from certain distributions (or deemed distributions) they receive from the Scheme.

If the Scheme is not eligible to be treated as an AMIT, investors in the Scheme will be presently entitled to the entire amount of the income of the Scheme for each relevant financial year and will be subject to tax on their share of the taxable income of the Scheme (including any net capital gains) for a financial year.

The distributions received by an investor may be more or less than the amount of income that is subject to tax. The income attributed to you (where the Scheme is an AMIT) or your share of the taxable income of the Scheme (where the Scheme is not an AMIT) will be advised to you in the attribution managed investment trust member annual (**AMMA**) statement or annual tax statement.

The taxable income attributed to an investor (or income to which investors are presently entitled) will also include income which is reinvested in the Scheme through a distribution reinvestment plan. Any reinvested distributions will be received as additional units in the Scheme.

If the Scheme incurs a tax loss in a financial year, the loss cannot be distributed but may be carried forward to be utilised in subsequent financial years (subject to the loss carry forward rules).

6.2 Tax position of resident investors

The following comments apply to Australian residents who are individuals, trusts, complying superannuation entities and companies that hold their units on capital account.

6.2.1 Capital Gains Tax (CGT)

The Scheme has made the Managed Investment Trust capital account election. Accordingly, any gains and losses of the Scheme from eligible assets (including shares and units in other funds) are expected to be treated as capital gains and losses under the CGT provisions.

The Australian Government has recently enacted changes to the taxation of capital gains which apply from 1 July 2027. Broadly, the changes replace the existing CGT discount for individuals, trusts and partnerships with an inflation-based cost base indexation regime for assets held for at least 12 months and introduce a minimum 30% tax rate on certain capital gains realised by Australian resident individuals. For CGT assets acquired prior to 1 July 2027, there are transitional measures which effectively preserve the eligibility to the CGT discount for gains accruing up to 30 June 2027. Certain aspects of the changes to the CGT regime are not yet law and remain subject to ongoing consultation and the passing of further legislation through Parliament or, where applicable, the making of any associated regulations or legislative instruments. This includes clarifying how the CGT changes apply to trusts, including AMITs. Accordingly, this PDS has been prepared on the basis of taxation law as currently enacted as at the date of this PDS. As the impact of these changes will depend on an investor's individual circumstances, investors should seek independent professional tax advice regarding their application and potential tax consequences.

An Australian resident investor's assessable income for each year includes any net capital gains (that is, after offsetting capital losses). There are two potential sources of capital gains tax to investors in relation to their investment in the Scheme:

1. **Attribution of capital gains from the Scheme**

   Any net capital gains realised by the Scheme from disposal of CGT assets may be attributed or distributed to investors on a fair and reasonable basis. Where relevant and where the Scheme has held the assets continuously for at least 12 months, investors who are individuals and trusts may be entitled to a CGT discount of 50% (for capital gains accruing up to 30 June 2027) or be eligible for cost base indexation (for capital gains accruing from 1 July 2027). Complying superannuation entities may continue to be entitled to a one-third CGT discount on the capital gains attributed by the Scheme in respect of CGT assets held by the Scheme for at least 12 months. Companies are not entitled to the CGT discount or cost base indexation. Where the discount applies, capital losses incurred by an investor (including carried forward capital losses) should be offset against the gross capital gains before the application of the CGT discount.

   The Scheme 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 acquired their units.

   The distribution by the Scheme of certain 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 an increased capital gain or reduced capital loss on the subsequent disposal of units in the Fund, or an immediate capital gain to the extent the cost base of the units of the Fund is reduced to less than zero.

2. **Redemption or disposal of units**

   Capital gains tax may be payable when units in the Scheme are redeemed or sold. Where the units have been held continuously by the investor for at least 12 months, investors who are individuals and trusts may be entitled to cost base indexation (and/or CGT discount of 50% for capital gains accruing up to 30 June 2027), and complying superannuation entities may be entitled to a CGT discount of one-third in the calculation of their capital gain (subject to certain conditions). Companies are not entitled to a CGT discount or cost base indexation.

The capital gains or income arising from a significant redemption may be attributed or distributed to the redeeming investor where we believe it is fair and reasonable to do so. The ability to redeem units in the Fund is generally limited to Authorised Participants (other investors will dispose of units through the Exchange, except in the exceptional circumstances described in this PDS).

6.2.2 Taxation of financial arrangements (TOFA)

The TOFA rules may apply to financial arrangements held by the Scheme when calculating its assessable income. Broadly, the TOFA rules may impact the timing of the recognition of gains and losses in the Scheme for tax purposes and will also treat relevant gains and losses as being on revenue account.

6.2.3 Foreign income tax and foreign income tax offsets

Foreign source income and gains derived by the Fund may be subject to foreign withholding tax or capital gains tax in the foreign country. Withholding taxes and, in some cases, foreign capital gains tax are paid by the Fund and therefore, reduce the Fund return.

Australian resident investors are required to include in their assessable income their share of any foreign taxes paid by the Scheme and attributed to them. Investors may be able to benefit from a foreign income tax offset in respect of foreign taxes paid by the Scheme provided they are paid in relation

to an amount that is included in the investor's assessable income and do not exceed the higher of the investor's foreign income tax offset limit and $1,000.

Depending on the investments of the Scheme, you may be attributed foreign income tax offsets which relate to foreign capital gains. There have been updates to the law and ATO guidance in relation to investor entitlements to claim foreign income tax offsets. We recommend that you consult with your tax adviser in order to determine your eligibility to claim these tax offsets.

6.2.4 Tax file number (TFN) and Australian Business Number (ABN)

It is not compulsory for investors to provide their TFN or ABN, and it is not an offence if they 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 and any applicable levies or taxes. TFNs and ABNs can be provided to us at the time of purchase of units on the Exchange (by providing this information to your broker or share trading platform to send to us through CHESS message), through the Portal or through the 'Change of details' form available on our website or by contacting us. Please refer to 'Macquarie Managed Funds online portal' in Section 8.1.1 of this PDS for more information on the Portal.

6.2.5 Goods and Services Tax (GST)

The Scheme has registered for GST. The issue and redemption of units in the Fund and receipt of distributions will not be subject to GST. However, the Scheme may incur GST on fees and expenses that it pays. The Scheme may be entitled to claim input tax credits (**ITCs**) and/or reduced input tax credits (**RITCs**) on certain fees and expenses. GST paid on such fees and expenses will generally be an additional cost to the Scheme to the extent the Scheme is not entitled to claim ITCs and/or RITCs.

Unless stated otherwise, the fees in Section 5 of this PDS are shown inclusive of GST and net of any ITCs and/or RITCs. The proportion of GST paid on the fees that can be recovered by the Scheme as RITCs, or otherwise, varies. The fees paid by the Scheme will equal the rates disclosed in Section 5 of this PDS (inclusive of GST, net of ITCs and/or RITCs) regardless of the rate of GST recovery in any period. Where the Scheme mainly invests in international assets, the portion of the Scheme's fees that is GST (net of ITCs and/or RITCs) may be minimal.

6.3 Tax position of non-resident investors

6.3.1 Non-resident withholding tax

Australian withholding tax may be deducted from distributions or attribution of Australian sourced income and certain capital gains 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 and residence of the investor. Distributions to non-resident investors from sources wholly outside of Australia and on capital gains which are not direct or indirect interests in taxable Australian real property will generally be exempt from Australian withholding tax. To the extent that the assets of the Fund represent taxable Australian real property, non-resident investors may be subject to non-resident withholding tax on gains on disposal of those assets.

Non-resident investors may also be subject to the tax laws in the country in which they reside, but may be entitled to a credit for some or all of the tax withheld in Australia.

6.3.2 Capital Gains Tax

Non-resident investors will generally not be subject to Australian capital gains tax on redemption of their units in the Fund, unless they (together with associates) held a 10% or greater interest in the Fund and a majority of the Fund's assets comprises taxable Australian real property. It is not expected that a majority of the Fund's assets will comprise taxable Australian real property.

6.4 General information

6.4.1 Transaction taxes

Stamp duties (if any) may apply.

6.4.2 Tax statement

An AMMA statement, where the Scheme is an AMIT, or an annual tax statement, where the Scheme is not an AMIT, will be sent to each investor to assist in completing tax returns.

6.4.3 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 adviser. 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 these laws may change at any time.

6.4.4 Automatic Exchange of Financial Account Information

Foreign Account Tax Compliance Act and Common Reporting Standard

Australia has legislation in place relating to the automatic exchange of financial account information between jurisdictions. This legislation gives effect to the United States of America Foreign Account Tax Compliance Act (**FATCA**) and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (**CRS**). These regimes cover the collection and reporting of information to tax authorities by financial institutions.

The Scheme is a reporting Australian financial institution under the inter-governmental agreement entered into between the Australian and US governments in relation to FATCA, effective from 1 July 2014. The Scheme is also a reporting Australian financial institution under the CRS, effective from 1 July 2017. As such, the Scheme will be required to comply with the registration, due diligence and reporting requirements of FATCA and CRS.

Accordingly, we may request that you provide certain information to us in order for us and the Scheme to comply with FATCA or CRS obligations. Depending on your status, for the purposes of FATCA and CRS, we may assess any information you provide to us and if required, report information in relation to you and your unit holding to the Australian Taxation Office (**ATO**). The ATO will, in turn, share such information with the US Internal Revenue Service or tax authorities of jurisdictions that have signed the 'CRS Competent Authority Agreement' on an annual basis.

How could the FATCA and CRS regulations affect you?

By applying for units in the Fund or buying units in the Fund on the Exchange and becoming a unitholder in the Fund, you:

- agree to promptly provide us or our service providers with any information we may request from you from time to time
- agree to promptly notify us of any change to the information you have previously provided to us or our service providers
- consent to us disclosing any information we have in compliance with our obligations under FATCA and CRS
- consent to us disclosing any information we have if your units are held by or for the benefit of, or controlled indirectly by, specified US person(s) (in the context of FATCA) or foreign tax resident(s) (in the context of CRS), including disclosing information to the ATO, which may in turn report that information to the US Internal Revenue Service or other foreign tax authority, and
- waive any provision of domestic or foreign law that would, absent a waiver, prevent us from complying with our obligations under FATCA and CRS.

Failure to comply with our obligations under FATCA and CRS could result in the Scheme being subject to a 30% US withholding tax on payments of US income or gross proceeds from the sale of particular US securities (in relation to FATCA only) and administrative penalties under Australian taxation law.

It is important to note that:

- although the Scheme may take steps to manage the imposition of any withholding tax or penalties, no assurance can be given that the Scheme will be successful, and
- if you fail to provide us with any information requested by us, and we become subject to such withholding tax or penalties, we may seek to recover such amount from you.

For further information in relation to how our due diligence and reporting obligations under FATCA and CRS may affect you, please consult your tax adviser.

7. How to enter and exit the Fund

7.1 Investors (other than Authorised Participants)

7.1.1 Making initial and additional investments in the Fund

If you are not an Authorised Participant, you can invest in the Fund by purchasing units on the Exchange. You do not need to complete an application form and you will settle the purchase of your units in the same way as you would settle a purchase of listed securities through the ASX CHESS settlement service. The cost of investing in the Fund will be the price at which you purchase the units on the Exchange plus any brokerage fees and/or commissions payable to your broker or share trading platform.

You can add to your investment at any time by purchasing additional units on the Exchange.

Cooling-off rights do not apply to units purchased on the Exchange.

7.1.2 Realising your investment

If you are not an Authorised Participant, you can realise your investment in the Fund by selling units on the Exchange. You will settle the sale of your units in the same way you would settle a sale of listed securities through the ASX CHESS settlement service. The proceeds from the sale of units on the Exchange will be the price at which you sell the units on the Exchange, less any brokerage fee and/or commissions payable to your broker or share trading platform.

7.1.3 Redemptions

Investors, other than Authorised Participants, may normally dispose of their units by trading on the Exchange. Investors, who are not Authorised Participants, will not normally have a right to redeem their units directly with us. However, if the units are suspended from quotation on the Exchange for more than five consecutive ASX trading days, all investors, including those who are not Authorised Participants, will have a right to a cash redemption and, subject to any right to defer redemptions or payment in the Scheme's constitution, to receive payment within 21 days from the date of redemption of the relevant units, unless:

- the Scheme is being wound up
- the Scheme is not liquid as defined under the Corporations Act, or
- Macquarie has suspended redemptions in accordance with the Scheme's constitution.

Where investors, who are not Authorised Participants, have the right to redeem their units directly with us, those investors must complete and sign the redemption request form, available by contacting Client Service, and return it to us. Please note that, before paying your redemption proceeds to you in such a situation, we may need you to provide us with additional information that we need to verify your identity or that we are required to collect by law.

Where we receive a redemption request, completed and duly authorised to our satisfaction and with all required information provided, before 12.00pm Sydney time on a Business Day or such other time as we determine (**Redemption Cut-off**), investors will generally receive the redemption price calculated for that Business Day. Unless we agree otherwise, if we receive a redemption request, completed and duly authorised to our satisfaction and with all required information provided, after the Redemption Cut-off on a Business Day or on a non-Business Day, we will generally treat the request as having been received before the Redemption Cut-off for the next Business Day. Please note that we will not treat a request as having been received or accepted until it has been completed and duly authorised to our satisfaction.

No minimum redemption amount will apply.

A sell spread may be payable by investors, other than Authorised Participants, for direct unit redemptions. Refer to 'Additional explanation of fees and costs' for more information on sell spreads.

Before paying you the redemption amount, we may deduct from that amount any money you owe us in relation to your investment.

7.1.4 General information on transferring units

Subject to the Scheme's constitution and the AQUA Rules, a unit in the Fund is usually transferable through the Exchange and may also be transferred by any other method of transfer which is required or permitted by the Corporations Act and the ASX.

Please note that, subject to the AQUA Rules, we reserve the right to decline requests to transfer units off-market to another person (even those acquired through the Exchange) at our discretion.

A transfer of units involves a disposal of units, which may have tax or stamp duty implications. You should obtain tax and stamp duty advice before transferring.

7.1.5 Declarations

By acquiring units on the Exchange, you represent and warrant that:

i. you have received, read and understood the PDS for the Fund (as may be updated from time to time), and you agree to be bound by the terms of the PDS

ii. you agree to be bound by the constitution of the Scheme (as amended from time to time)

iii. you will not knowingly do anything to put Macquarie in breach of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and related rules (**AML/CTF Laws**) and you will notify Macquarie if you are aware of anything that may put Macquarie in breach of AML/CTF Laws

iv. if requested, you will provide additional information and assistance, and comply with all reasonable requests to facilitate Macquarie's compliance with AML/CTF Laws in Australia or an equivalent overseas jurisdiction

v. you are not aware and have no reason to suspect that:
   - the money used to fund the investment is derived from or related to:
     - money laundering, terrorism financing or similar activities or
     - other illegal activities, and
   - proceeds received in connection with an investment in the Fund will fund illegal activities

vi. all information that you provide to Macquarie in connection with your investment in the Fund is accurate, complete and up to date

vii. you agree to personal information about you being collected, used and disclosed in accordance with Macquarie's Privacy Policy and the privacy statement in this PDS, including direct marketing

viii. if you are a trustee, you are authorised under the trust deed of the trust to acquire and hold units in the Fund

ix. if you are a custodian, you are authorised by your client to give the undertakings above on behalf of your client

x. you agree that Macquarie may send notices, communications and disclosures to you by post or electronically by email

xi. you agree that certain communications, notices and disclosures as described in this PDS will be made available on the Macquarie website and will be taken to have been received by you upon posting of the communication, notice or disclosure on the Macquarie website

xii. you authorise Macquarie to disclose details of your investment in the Fund to your broker and their authorised representatives, and

xiii. you agree:
- that the representations set out in the preceding paragraphs are made by you on the date on which you acquire units in the Fund on the Exchange and on each day thereafter until you cease to hold units in the Fund, and
- to promptly notify Macquarie of any change in circumstance which would cause the representations and warranties set out above to be incorrect or misleading.

7.2 Authorised Participants

7.2.1 Creation and redemption of units in the Fund

Except in the circumstances in Section 7.1.3, applications for creations and redemptions of units in the Fund may only be made by an Authorised Participant.

Authorised Participants must enter into an agreement (**Authorised Participant Agreement**) with Macquarie and will also be required to comply with any additional requirements set out in the Authorised Participant Agreement.

Unless we determine otherwise, to create or redeem units on a Business Day, Authorised Participants must submit their request using an approved method set out in the 'Macquarie Asset Management Exchange Traded Fund (**ETF**) Transactions Procedures' document (**Transaction Procedures**) by the relevant transaction cut-off time on that Business Day set out in the Transaction Procedures. The Transaction Procedures are available free of charge by contacting Client Service. Unless we determine otherwise, if we receive the request after the relevant transaction cut-off time on a Business Day or on a non-Business Day, then the creation or redemption requested will not occur until the following Business Day.

Authorised Participants should refer to the creation and redemption procedures in the Authorised Participant Agreement and the Transaction Procedures for further information on how to create and redeem units, including instructions on how to send the request and when to pay the application money to Macquarie for unit creations.

Please note that, under the Scheme's constitution, we may accept or reject an application for units in the Fund (in whole or in part) at our discretion (without giving reasons).

Further, please note that:

- under the Scheme's constitution, an Authorised Participant agrees to indemnify us for any liability arising out of a failure to pay for units for which it has applied, or a failure to deliver units to us for redemption in accordance with a redemption request, by the required time, and
- before paying you a redemption amount, we may deduct from that amount any money you owe us in relation to your investment.

Cooling-off rights do not apply to units.

We may, in our discretion, agree to accept payment of the application amount for a creation of units, or pay the redemption amount for a redemption of units, partly or fully in specie where this is permitted by the Scheme constitution.

The minimum application and redemption amount is one creation unit, unless otherwise agreed with Macquarie. The number of units in the Fund that constitute a creation unit for the Fund is determined by Macquarie and notified to Authorised Participants.

Application and redemption cut-off times may be changed in certain circumstances including where the market for trading the assets of the Fund closes early (for example, Christmas Eve).

7.3 Suspension of redemptions

In some circumstances, such as where there is a suspension of redemptions, investors may not be able to redeem their investment within the usual period or at all.

It is also important to note that under the terms of the constitution, we:

- may accept or reject a redemption request (in whole or in part) at our discretion (without giving reasons), and
- are able to change the time by which a redemption request must be lodged and/or the days on which redemptions will be available at our discretion.

Where a redemption request is accepted by us, the Fund's constitution generally allows us up to 21 days after acceptance of the request to pay the redemption proceeds. This may be extended if, due to circumstances not reasonably foreseeable by us or partly or wholly outside our reasonable control:

- payment of all or part of the redemption amount is not in the interests of unitholders as a whole, is materially adverse to unitholders as a whole or is not fair to the remaining unitholders, or
- market conditions are such that facilitation of a redemption is difficult, not desirable or impossible (for example, there is restricted liquidity or suspended trading in a market for the assets of the Fund).

We may be required to suspend redemptions from the Scheme (including indefinitely) where the Scheme is no longer 'liquid', as defined in the Corporations Act. While the Scheme is not liquid, we may, at our discretion, offer investors the ability to redeem (wholly or partly) from the Fund but only if there are assets available that are able to be converted to cash to meet redemptions under the offer.

7.4 Other important information about redemptions

We may compulsorily redeem your units where permitted or required by law or the constitution of the Scheme.

Where permitted by the constitution of the Scheme, we may refuse or delay acceptance of a redemption request or delay the payment of redemption proceeds where you have not yet provided us with all information that we require from you in connection with your holding in the Fund, such as information that we require to comply with AML/CTF requirements or tax information sharing laws and regulations such as FATCA or CRS. Where a transaction is blocked, delayed, frozen or refused because you have not yet provided us with all information that we require from you in connection with your holding in the Fund, Macquarie is not liable for any loss you suffer (including consequential loss).

If you submit your redemption request by email, Macquarie may rely on the emailed redemption request to process your redemption. If Macquarie receives a redemption request by email, you:

- acknowledge that there is potentially a greater risk that fraudulent email instructions can be given by someone who has access to your account details and that you accept such risks
- acknowledge that Macquarie may assume that the instruction has been sent, and is authorised, by or behalf of you, and
- release Macquarie from, and indemnify Macquarie against, all losses and liabilities arising from any payment or action taken by Macquarie based on any instruction bearing your account number and a signature that purports to be yours or that of an authorised signatory on the account, even if such instructions are not authorised (except to the extent that such losses and liabilities directly arise from the negligence or wilful default of Macquarie).

7.5 Redemption proceeds

We may pay the redemption proceeds on your units into a non-interest bearing trust account in order to facilitate payment of these amounts to your nominated account. If we are unable to credit your account for any reason, these amounts may continue to be held in such a non-interest bearing trust account until you provide alternative payment instructions or we are required by law to pay these amounts to any regulatory body or other person or account.

7.6 Confirmation of instructions

When you are instructing us in relation to the following:

- 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 pre-nominated bank account
- a redemption where there has been a change of bank account details from the original application request, or
- a change of authorised signatory/signatories,

we may contact an authorised signatory for the investment to confirm that the instruction is authorised.

If we are unable to contact you, we may postpone the processing of the instruction until we have been able to make contact and confirm the instruction. Your instruction will not be treated as having been received by us until it has been confirmed unless we determine otherwise.

7.7 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. As an indirect investor, you will still have access to our dispute resolution process. If you invest in the Fund through an IDPS, certain information in this PDS may not be relevant to you. This includes information relating to:

- how to invest in the Fund
- how to withdraw from the Fund, and
- transferring units.

Your IDPS operator can provide you with the unit prices for your investment and any other terms and conditions that may apply to any investment you propose to make in the Fund through that IDPS operator. If you are investing through an IDPS, the net performance of your investment in the Fund may differ from the information we publish, due to cash flows specific to your portfolio, any fees charged by the IDPS operator and the price at which the IDPS buys or sells units on the Exchange on your behalf being different to the NAV unit price. Fees and expenses, applicable to the IDPS (as set out in the IDPS offer document or client agreement), may be payable in addition to the fees and expenses stated in this PDS. Please contact your financial adviser or IDPS operator if you have any queries.

7.8 Incorrect addresses

You are responsible for ensuring that you send your requests and any other correspondence to the correct address or email. If incorrect contact details are used, your request may be delayed or not processed. We accept no responsibility for requests (including for applications and redemptions) that have been sent to an incorrect address (including email address, if applicable), including those of other parts of the Macquarie Group that are not referred to in this PDS. If incorrect details are used, your request may be delayed or not processed. Please contact Client Service if you would like to confirm our address or email.

7.9 Transferring units other than through the Exchange

A unit may be transferred by any other method of transfer apart from through the Exchange which is required or permitted by the Corporations Act and the Exchange. Please note that, subject to the AQUA Rules, we reserve the right to decline transfer requests at our discretion.

A transfer of units involves a disposal of units, which may have tax or stamp duty implications. You should obtain tax and stamp duty advice before transferring.

7.10 Appointing an agent

You can appoint individuals to act on your behalf when dealing with us, as responsible entity. Please contact Client Service to find out how you can do this. Please speak to your broker or trading platform about whether it is possible to appoint an agent to buy or sell units on the Exchange on your behalf.

7.11 Delays when the application to invest is incomplete

As part of Macquarie's obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF**), we cannot accept or process an application to invest until we are satisfied that the identity of the investor has been verified in accordance with the AML/CTF.

Where an application is unable to be finalised for AML/CTF reasons 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 has been completed or other issues have been addressed to our satisfaction.

If we are not able to issue units immediately after receipt of your application money, that money will be held in a non-interest bearing trust account with an authorised deposit-taking institution.

If we are not able to issue units within a period of one month starting from the day on which we receive your application money (or if this is not reasonably practicable, by the end of such longer period as is reasonable in the circumstances), we will return the application money to you.

8. Keeping you informed

8.1 How we keep you up to date

To keep you up to date on your investment in the Fund, we will provide or make available:

- transaction statements at least annually. Transaction statements will either be sent to you by ASX Settlement (for investors holding units in the Fund through a Holder Identification Number) or by us (for investors holding units in the Fund through a Securityholder Reference Number)
- an annual tax statement for Australian resident investors to assist in completing tax returns, and
- an annual financial report. Please contact Client Service to elect to receive an electronic or hard copy of the annual report for each financial year for the Scheme. If you do not make an election, a copy of the latest financial report will not be sent to you but will be available at **macquarie.com/mam/au-financial-statements**.

The following information is available on our website:

- the NAV unit price, available each ASX trading day
- the full portfolio holdings of the Fund (on a look-through basis), available each ASX trading day, with the Fund holdings for an ASX trading day generally available two ASX trading days after the relevant day
- a copy of the latest PDS for the Fund, and
- copies of the Scheme's annual financial report (including financial statements) which can be found at **macquarie.com/mam/au-financial-statements**.

The information set out below will also be available on the 'ASX Markets Announcement Platform' on the ASX website.

- Information about the distributions made by the Fund.
- Continuous disclosure notices.
- The total number of units on issue, the total number and value of units issued and redeemed during the month and the difference between the units issued and redeemed during the month (by number and value), available monthly.
- Notices to investors, including significant events notices.
- The Scheme's annual financial report (including financial statements).
- Any half-year financial report (including financial statements) produced for the Scheme.
- The aggregate exposure of the Fund to all OTC derivative counterparties as a percentage of the NAV of the Fund, excluding derivatives used solely to hedge foreign exchange risk, available monthly.
- The value of the assets of the Fund (excluding the value of OTC derivatives (other than those used to solely to hedge foreign exchange risk) but including any collateral obtained in relation to the OTC derivatives) as a percentage of the NAV of the Fund, available monthly.
- The aggregate notional exposure of the derivatives the Fund holds or is exposed to (expressed as a percentage of the NAV of the Fund), excluding derivatives used solely to hedge foreign exchange risk, available monthly.
- The swap costs that the Fund has incurred or will incur in relation to its OTC derivatives, available monthly.
- A breakdown of the collateral the Fund holds or is exposed to in relation to its OTC derivatives by security type, country, sector, currency and credit rating, available monthly.

Our website also has additional information about the Fund including performance and performance reports.

8.1.1 Macquarie Managed Funds online portal – Applicable for investors (other than Authorised Participants)

You are also able to access, change and view some account information online through our secure website.

- You can view statements and provide us with information in relation to FATCA/CRS without registering but will need to provide us with certain information about your account (Holder Identification Number or Securityholder Reference Number, investor name, country of residence (as noted in the investor register) and postcode (as noted in the investor register)).
- To change other investor information, please complete the self-registration form on the `Log in' page at our website to obtain access to your account.

8.2 Continuous disclosure documents

The Scheme will be a disclosing entity for the purposes of the Corporations Act and subject to certain regular reporting and continuous disclosure obligations. Macquarie, as responsible entity of the Scheme, will comply with the provisions of the Corporations Act, including the continuous disclosure requirements that apply to an unlisted disclosing entity as if the Scheme was an unlisted disclosing entity. Copies of documents lodged with ASIC in relation to the Scheme may be obtained from, or inspected at, an ASIC office. As an investor in the Fund, you have the right to obtain, free of charge, the following periodic documents (in printed or electronic form) from us for the Scheme:

- the annual financial report (including financial statements) most recently lodged with ASIC
- any half-year financial report (including financial statements) lodged with ASIC, and
- any continuous disclosure notices issued by us after the lodgement of the annual financial report and before the date of the Fund's PDS.

We will post copies of continuous disclosure notices on our website. Please check our website regularly for such information. Continuous disclosure notices will also be lodged with the 'ASX Markets Announcements Platform' on the ASX website.

9. Other information

9.1 Our legal relationship with you

9.1.1 Macquarie as the responsible entity

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

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

9.1.2 Constitution

The Scheme is established by a constitution, as amended from time to time. The constitution (in addition to the Corporations Act, AQUA Rules and general law) provides an operational framework for the ongoing management of the Scheme. It also provides for Macquarie's powers, duties and obligations in respect of the Scheme, the limits to our liability and our right to be indemnified for proper administration of the Scheme. The provisions of the constitution are binding on each investor in the Scheme and persons claiming through them, as if the investor or person were a party to the constitution. The constitution of the Scheme contemplates that Macquarie may determine, agree, approve or consent to certain matters. Unless the constitution or the Corporations Act otherwise provides, we may do so in our absolute discretion and subject to such conditions (if any) as we determine.

This PDS contains a summary of some key features of the constitution. The constitution covers a number of additional matters, including:

- the nature of units (identical rights attach to all units in a class)
- the issue of different classes of units
- how and when redemptions are paid
- valuation of assets
- 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 the assets of the Scheme for all costs incurred by us in relation to the administration or management of the Scheme (subject to the proper performance of our duties)
- amendments to the constitution
- retirement of the responsible entity
- fees payable to us
- the circumstances in which we can terminate the Fund or the Scheme, and
- your rights to share in any Scheme income, and how we calculate it.

We can amend the constitution from time to time, subject to the provisions of the constitution and the Corporations Act. We can amend the constitution without your consent if we reasonably consider that the amendments will not adversely affect investors' rights. Otherwise, we must obtain the approval of the required number of unitholders at a meeting of unitholders (a resolution may bind you, regardless of how or whether you vote). A copy of the Scheme's constitution is available upon request free of charge.

9.1.3 Classes of units

We may create different classes of units in the Scheme with different rights and obligations to those applying to the units held by you, including different fees. We may, subject to the Corporations Act, create new classes of units without notice to existing unitholders. This PDS applies to units in the Fund only, which is a class of units in the Scheme.

The Scheme has other classes of units on issue. Please note that the assets of all classes are pooled. In other words, assets are not segregated by class.

9.1.4 Corporations Act

Our duties under the Corporations Act include:

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

We are liable for our agents engaged or appointed to provide services in connection with the Scheme.

9.1.5 The compliance plan and compliance committee

We have prepared and lodged a compliance plan for the Scheme 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 Scheme's constitution. Our compliance with the compliance plan is independently audited each year, as required by the Corporations Act and the auditor's report is lodged with ASIC.

A compliance committee has been appointed to monitor compliance by Macquarie with the Scheme's constitution and compliance plan. A copy of the compliance plan is available free of charge on request by contacting us.

9.1.6 Class actions

The Fund may participate in, or have exposure to, class actions, corporate actions or other events relating to securities held by the Fund or a fund that the Fund has exposure to. Participation or exposure to these actions or events may result in the Fund receiving certain payments. For example, the Fund may receive proceeds from the settlement of a securities class action. Due to the uncertainty around the likelihood of a successful claim, the NAV unit price of the Fund may not take into account the potential proceeds from a successful claim until such time as determined by us. An investor who holds units at the time the Fund had exposure to the security that is the subject of the class action and subsequently redeems from the Fund may not benefit from the proceeds of a successful claim as we may not seek to distribute the proceeds (if any) to such investors.

9.1.7 Role of custodian

We may appoint custodians to hold the assets of the Scheme. Macquarie may, from time to time, also hold some or all of the assets of the Scheme (including cash). The role of a custodian of the Scheme is limited. A custodian acts on the instructions of Macquarie or its agents and does not monitor the performance of Macquarie as responsible entity of the Scheme or make investment decisions in respect of the Scheme. A custodian is a paid service provider and is not responsible for the preparation of the PDS and therefore, accepts no responsibility for any information in this PDS.

9.1.8 Related party issues

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 Scheme's investments with members of the Macquarie Group. 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 Macquarie Group is a global provider of banking, financial, advisory, investment and funds management services. The Macquarie Group acts on behalf of institutional, corporate and retail clients and counterparties around the world. Macquarie Investment Management Australia Limited, as responsible entity of the Scheme, and Macquarie Investment Management Global Limited, as the Investment Manager of the Scheme, generally have no control over these activities. As a result, from time to time, the Scheme'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 certain circumstances, statutory or internal Macquarie Group imposed restrictions may preclude the acquisition or disposal of securities by the Scheme. Without limitation, this includes where the acquisition would cause the Macquarie Group's aggregated holdings in a company (including holdings that the Macquarie Group is required to aggregate) to exceed applicable takeover thresholds. In addition, where, due to such restrictions, there is limited capacity to acquire particular securities, the Scheme will not have priority over any member of, or any other fund or separate client account associated with or managed by, the Macquarie Group to acquire those securities. Such restrictions may result in an adverse effect on the value of the Scheme's investments due to the Scheme being unable to enter into positions or exit positions, as and when desired.

The provision of services by us (and other entities forming part of the Macquarie Group) in relation to the Scheme is not exclusive and we or other members of the Macquarie Group may act as the responsible entity, trustee, investment manager or adviser for other funds or separate client accounts (including those managed on behalf of Macquarie Group entities or where a Macquarie Group entity has an interest)that have the same or similar investment strategies to the Scheme.

Where permitted by the investment mandate of the Fund and applicable laws, the Fund may:

- obtain exposure to assets through underlying funds that are managed by members of the Macquarie Group, including funds for which Macquarie is the responsible entity. This may include the Fund investing in a new or existing underlying fund which assists the underlying fund to grow and build a track record, and/or
- invest directly, or indirectly through an underlying fund, in securities or instruments issued, managed or arranged by, or otherwise involving, a Macquarie Group entity or entities.

9.1.9 Investing through a margin loan

If you invest in the Fund through a margin lender, units in the Fund will generally be held in the name of the margin lender or its nominee. Accordingly, you may not acquire the rights of an investor in the Fund and all correspondence and dealings in relation to the investment must generally be through your margin lender.

9.2 Protecting your privacy

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 **macquarie.com/disclosures/privacy-and-cookies.html**.

By applying for units or acquiring units on the Exchange, 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:

- processing your application
- providing or marketing products and services to you
- administration purposes, including managing, 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 (including the requirements of superannuation law). This includes the requirements of the Australian Securities and Investments Commission, the Australian Taxation Office, AUSTRAC and other regulatory bodies or relevant exchanges
- communicating with you in relation to your holding and all transactions relating to the holding, and

- 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 collect and record personal information through our interactions with you and your nominated adviser(s), including by telephone, email or online. We may also collect personal information from public sources and third parties including information brokers and our service providers.

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

Where you provide us with personal information about someone else you must first ensure that you have obtained their consent to provide their personal information to us based on this privacy statement.

We are required or authorised to collect your personal information under various laws including those relating to taxation and the AML/CTF Laws.

9.2.1 What happens if you do not give us information

You may choose not to give personal information about you to Macquarie. Depending on the type of personal information, the consequences set out below may apply if you do not do so:

- refer to 'Tax file number (TFN) and Australian Business Number (ABN)' in Section 6 of this PDS for the consequences if you do not supply your TFN or a valid exemption (or in certain cases an ABN)
- we may not be able to approve your application for units in the Fund, and
- we may not be able to provide you with an appropriate level of service.

9.2.2 Disclosing your information

You agree and consent that Macquarie may disclose information we hold about you in the following circumstances:

- to other companies in the Macquarie Group as well as our agents, contractors or service providers, which provide services in connection with our products and services, for example printing statements or notices which we send to you
- supplying information about your investments to any financial adviser that is nominated by you, or their dealer group
- to your agents and representatives (for example your broker, adviser, solicitor, accountant or superannuation fund administrator) or any administrator, liquidator, trustee in bankruptcy, legal personal representative or executor, whether or not located in Australia
- disclosing your personal information to regulatory authorities (for example tax authorities in Australia and overseas) in connection with their lawful information requests or to meet our legal obligations in any relevant jurisdiction
- using your personal information to contact you on an ongoing basis (by telephone, electronic messages, online and other means) to offer you products or services that may be of interest to you, including offers of banking, financial advisory, investment, insurance and funds management services, unless you tell us not to
- disclosing your personal information to any person proposing to acquire an interest in our business
- if the disclosure is required or authorised by law, or
- if you consent.

In order to use and disclose your personal information for the purposes stated above, we may be required to transfer your personal information to entities located outside Australia (this includes locations in the Philippines and India and the countries specified in our Privacy Policy). By applying for units or acquiring units on the Exchange, you consent to your personal information being transferred overseas for these purposes.

9.2.3 Direct marketing

We and other companies in the Macquarie Group may use your personal information to contact you on an ongoing basis by telephone, electronic messages (like email), online and other means to offer products or services that may be of interest to you including offers of banking, financial, advisory, investment, insurance and funds management services, unless you change your marketing preferences by contacting us.

If you have any questions in regards to your privacy or to request access to your personal information that we hold, contact us on 1800 814 523 or email privacy@macquarie.com.

9.2.4 Complaints

If you wish to complain about any breach or potential breach of our privacy obligations, you should contact us. If you are unhappy with our response, you are entitled to contact the Office of the Australian Information Commissioner who may investigate your complaint further.

9.3 AML/CTF Laws

In certain circumstances, Macquarie may be obliged to freeze or block an account where it is used in connection with illegal activities or suspected illegal activities. Freezing or blocking can arise as a result of Macquarie's account monitoring obligations under the AML/CTF Laws. If this occurs, Macquarie is not liable to you for any consequences or losses whatsoever and, by applying for units or acquiring units on the Exchange, you agree to indemnify Macquarie if it is found liable to a third party in connection with the freezing or blocking of your account.

9.4 Representations

We have not authorised any person to give any information, or to make any representation about the Fund or the Scheme, which is not in this PDS and, if given or made, such information or representation must not be relied on as having been authorised by us. Any other parties distributing the Fund are not our agent or representative and are doing so on their own behalf. We are not responsible for any advice or information given, or not given, to you by any party distributing the Fund and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage arising from you relying on any information that is not in this PDS.

9.5 Enquiries and complaints

You may contact your financial adviser or Client Service if you have any enquiries or complaints. If you have a complaint, please contact us and we will do our best to resolve any matter quickly and fairly. Written complaints can be sent to us at:

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

If you make a complaint, we will assess your complaint and advise you of the outcome within 30 days of receiving your complaint.

Please include the following information in your correspondence:

- your investor number and complaint reference number
- your preferred contact details, and
- a brief description of your complaint.

If you are not satisfied with the outcome of your complaint or how the complaint was handled, you may refer the complaint to the Australian Financial Complaints Authority (**AFCA**), an independent external dispute resolution body approved by ASIC. AFCA can provide assistance to complainants to help them understand whether they are eligible to submit a complaint.

AFCA can be contacted at the details below. Please quote our membership number, 14922.

Australian Financial Complaints Authority
GPO Box 3
Melbourne, VIC 3001 Australia

Telephone: 1800 931 678
Email: info@afca.org.au
Website: www.afca.org.au

9.6 ASIC relief

Class order relief – Unequal treatment in redemptions from the Fund

ASIC has granted relief in ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147 (**ASIC Instrument 2024/147**) under section 601QA of the Corporations Act from the equal treatment requirement in section 601FC(1)(d), to the extent that it would prevent Macquarie from permitting only Authorised Participants to withdraw units from the Fund. For the purposes of this relief, except in exceptional circumstances, only Authorised Participants may dispose of their units in the Fund, but other unitholders may sell their units on the Exchange. However, if the units are suspended from trading on the Exchange for more than five consecutive ASX trading days, unitholders will have the right to redeem units in the Fund and receive payment for their interests in money within a reasonable time of request unless any of the following apply:

- the Scheme is being wound up
- the Scheme is not liquid as defined in subsection 601KA(4) of the Corporations Act, or
- we suspend redemptions in accordance with the Scheme's constitution.

In the event that such a redemption occurs, any withdrawal fee payable by unitholders, who are not Authorised Participants, will not be greater than the withdrawal fee that would generally be payable by an Authorised Participant receiving redemption proceeds in cash when withdrawing the minimum parcel of units.

Class order relief – Ongoing disclosure

ASIC has granted relief under ASIC Instrument 2024/147 under section 1020F(1)(a) of the Corporations Act from the ongoing disclosure requirements in section 1017B of the Corporations Act on the condition that Macquarie complies with the continuous disclosure requirements in section 675 of the Corporations Act as if the Scheme were an unlisted disclosing entity. Macquarie will comply with these continuous disclosure requirements of the Corporations Act as if the Scheme were an unlisted disclosing entity.

Class order relief – Periodic statements

ASIC has granted relief under ASIC Corporations (Periodic Statement Relief for Quoted Securities) Instrument 2024/14 (**ASIC Instrument 2024/14**) which exempts Macquarie from certain periodic statement requirements. In particular, Macquarie is not required to include purchase or sale price information in periodic statements or return on investment information where Macquarie is unable to determine such information and the periodic statement explains why this information is not included and describes how it can be obtained or calculated.

9.7 Conditions of admission

As part of the Fund's conditions of admission to quotation on the Exchange under the AQUA Rules and/or the ASX Operating Rules, Macquarie has agreed:

- to disclose portfolio holdings daily, including on a 'look-through' basis
- to disclose on a monthly basis the total percentage of notional derivatives exposure of the Fund relative to the NAV of the Fund, excluding those derivatives used solely to hedge foreign exchange risk
- that it will be the responsible entity of the Fund and that it or another member of the Macquarie Group will be the investment manager of the Fund
- if the Fund holds units in any unlisted underlying funds, that a Macquarie Group member will be the responsible entity/trustee (if relevant to the structure) and/or investment manager of any such underlying fund
- to immediately notify the ASX if a Macquarie Group member ceases to be the responsible entity/trustee or investment manager of any unlisted underlying funds that the Fund holds units in
- for the purpose of Rules 10A.3.3(c) and (d) of the AQUA Rules, the Fund's investment in underlying funds that are unlisted funds must be considered on a full 'look-through' basis as if the financial products issued by or provided pursuant to the underlying funds were sought to be admitted as AQUA products
- to review (on a full 'look-through' basis) the underlying investments of any underlying funds that the Fund holds that are unlisted funds for compliance with the AQUA Rules on a monthly basis and advise ASX if any underlying investments do not comply with the AQUA Rules, and
- that the powers of ASX to suspend trading of the Fund extend to a failure by the issuer of any underlying funds that the Fund holds that are unlisted funds to comply with its obligations under the constituent documents of the underlying funds.

9.8 Consents and disclaimers

The Investment Manager has given and has not withdrawn its consent to its name appearing in the PDS of the Fund, and to references and statements in the PDS concerning the Investment Manager in the form and context in which they are included. Other than the consent provided, the Investment Manager does not take any responsibility for any other part of this PDS and has not authorised or caused the issue of this PDS.

Bloomberg AusBond Index

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