

**Macquarie Investment Management Australia Limited**

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11 November 2020



THE TRUST COMPANY (PTAL) LIMITED A/C CAL

Post Office Box N774

GROSVENOR PLACE NSW 1220

Dear Unitholder

**Macquarie Treasury Fund ARSN 091 491 084 (Fund) – Notice of change to the Fund's unit pricing methodology and management fee arrangements**

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**Account name: THE TRUST COMPANY (PTAL) LIMITED A/C CAL**

**Account number: 931791433**

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As previously notified, the Fund constitution was amended on 26 October 2020 to include provisions that permit the responsible entity of the Fund, Macquarie Investment Management Australia Limited (**Responsible Entity, we, us, our**), to change the unit pricing methodology from seeking to maintain a constant unit price of \$1.00 to applying a unit price based on the value of the Fund's assets, less liabilities, divided by the number of units on issue (a **net asset value unit price**).

We are writing to inform you that we have decided to switch the unit pricing methodology of the Fund to net asset value unit pricing on 11 December 2020 (**Effective Date**).

Currently, the Fund seeks to maintain a constant unit price of \$1.00. The Fund does this by allocating the income that it earns on its investments each day (net of fees and costs) to unitholders in the Fund.

However, following the Reserve Bank of Australia's decision on 3 November 2020 to reduce the target cash rate from 0.25% to 0.10%, we believe that it is in the best interests of unitholders to change the unit pricing methodology of the Fund at this time. While the cash rate remains positive, money market rates are trading below the target cash rate and could potentially fall below 0%. As noted in our letter of 24 September 2020, if the income of the Fund becomes negative for an extended period of time, it would be difficult to maintain a constant unit price of \$1.00 for the Fund.

The change to the Fund's unit pricing methodology will lead to the below changes in how the Fund is administered from the Effective Date. Please note that the investment objective and investment strategy of the Fund will remain unchanged.

**1. Valuation and unit pricing**

The price of a unit in the Fund will equal the value of the Fund's assets, less liabilities, divided by the number of units on issue (**net asset value unit price**). The unit price for the Fund will vary as the market value of the Fund's assets and liabilities rise or fall, and is not likely to equal \$1.00 on any particular day. The unit price will be published Monday to Friday on Business Days only. A unit price will no longer be published on Sunday. The estimated earning rate or daily rate of the Fund will no longer be published.

Macquarie Investment Management Australia Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cwth), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Investment Management Australia Limited.

The Fund's unit price can be obtained at [macquarie.com.au/unit\\_prices](https://www.macquarie.com.au/unit_prices) or you can email [mim.clientservice@macquarie.com](mailto:mim.clientservice@macquarie.com) to request to be added to the distribution list for our daily unit price emails.

Please note that application and redemption prices may take into account our estimate of transaction costs (the **buy/sell spread**). If this were to occur, the application price would be higher than the net asset value unit price (by the amount of the buy spread), and the redemption price would be lower than the net asset value unit price (by the amount of the sell spread). However, we have no present intention to apply a buy or sell spread for the Fund.

In addition, where presently the Fund's assets are valued at book value, this will also change. Assets will normally be valued at their most recent market value, using independent pricing sources where available for the particular asset type. For more information, please refer to Section 1.6 of the Information Memorandum for the Fund.

## 2. Distributions

Income will no longer be allocated to unitholders each Business Day. Instead, income earned (or losses sustained) each day will lead to an increase (or decrease) in the unit price of the Fund.

We will generally seek to attribute and distribute any net income of the Fund and any net realised gains on a quarterly basis. Unit prices may fall as a result of the payment of the distributions to unitholders.

To receive a distribution, you must be a unitholder at the end of the last Business Day of the quarter. Distributions that you receive after the Effective Date will be paid directly into your nominated bank account or reinvested as additional units in the Fund in accordance with your existing instructions.

As income will no longer accrue daily to investors, investor statements will no longer include information on daily accrued income, although quarter/year end distribution information will be provided.

Income allocated to investors for the period from 1 October 2020 to the day before the Effective Date (inclusive) will be distributed to investors shortly after the Effective Date. Outstanding management fees owing by investors up to the day before the Effective Date (inclusive) will be deducted from these distributions before the remainder (if any) is paid to investors.

## 3. Applying for and redeeming units

The process for applying for and redeeming units will remain unchanged, except that, where redemption requests specify the number of units to be redeemed, redemption proceeds will be paid on the Business Day after the day on which we accept the request, and not on the day of acceptance as occurred previously. Redemption requests that specify the dollar value to be redeemed will continue to be satisfied on the Business Day on which we accept the request or, if the request is for more than 95% of the value of your investment, we will continue to pay 95% of the redemption proceeds on the date of acceptance and the remainder on the following Business Day.

## 4. Management fee

The Fund's management fee will no longer be charged directly to each investor and deducted from the distributions payable to such investor. Instead, the Fund's management fee will be deducted from the Fund's assets and reflected in the Fund's unit price. The Fund's management fee will accrue daily and be payable quarterly in arrears.

As investors will not pay the management fee directly, they will no longer be issued with a tax invoice for management fees paid.

We will deduct your outstanding management fees as at the end of the day before the Effective Date from the distribution payable to you for the period ending on the day before the Effective Date and, if required, will redeem units from your investment to cover any outstanding management fees that cannot be paid out of that distribution.

## 5. Taxation considerations

As the unit price of the Fund may rise and fall, investors may make gains or losses on the units held in the Fund, where some or all of the units held are redeemed. There may be tax implications for investors where a gain or loss is made on disposal of units.

We recommend you seek independent professional taxation advice in respect of the tax consequences of continuing to hold your investment in the Fund, based on your particular circumstances.

## 6. Change to your management fee arrangements

As investors will no longer pay management fees directly, please take this letter as notice that your management fee arrangements in relation to the Fund will terminate at the end of the day before the Effective Date. In order to ensure that you continue to only pay the reduced management fee that we have agreed with you, please find attached a rebate agreement under which we will pay a rebate to you at the end of each quarter such that the effective management fee (excluding GST) that you pay (after the rebate) is equal to the current reduced management fee (excluding GST) that you are paying directly out of your Fund distributions. The terms of the attached rebate agreement will apply to your investment in the Fund from the Effective Date.

### ***What do you need to do?***

You do not have to do anything further for the new rebate to apply to your investment. The change to your management fee arrangements set out above will automatically take effect on the Effective Date.

### **More information**

Please contact Macquarie Investment Management Client Service on 1800 814 523 (8.30am to 5.30pm Sydney time, Monday to Friday), or email [mim.clientservice@macquarie.com](mailto:mim.clientservice@macquarie.com), if you have any questions about the changes or would like more information about the Fund.

The changes to the Fund described in this letter are reflected in a Supplementary Information Memorandum dated 11 November 2020 (**Supplementary IM**), which supplements and amends the Information Memorandum for the Fund dated 24 July 2019. The supplemented Information Memorandum, available by contacting us, should be read before you make any investment decision in relation to the Fund.

Yours sincerely



**Graham Maiden**  
Head of Client Service  
Macquarie Investment Management

**Macquarie Treasury Fund ARSN 091 491 084 (Fund) – Rebate Agreement**

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**Account name:** THE TRUST COMPANY (PTAL) LIMITED A/C CAL

**Account number:** 931791433

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We refer to your investment in the Fund (**Investment**). As outlined in the Fund's Information Memorandum, Macquarie Investment Management Australia Limited (**MIMAL**), as Responsible Entity for the Fund, may apply differential fees for wholesale investors. This letter outlines the fee rebate that applies to your Investment.

**1. FEE REBATE**

MIMAL agrees to rebate to you, from its own resources (not from the Fund), a portion of the fees paid to MIMAL in relation to your Investment as set out in Part A of the Schedule (**Rebate**). The Rebate will be calculated and accrued, and will be payable, as set out in Part A of the Schedule.

**2. GOODS AND SERVICES TAX**

See Part B of the Schedule.

**3. OTHER FEES AND EXPENSES NOT AFFECTED**

This agreement does not affect

- (a) your obligation to pay any buy/sell spread on your Investments, or fees for any additional services provided to you by MIMAL, or
- (b) the rights of MIMAL to deduct fees and expenses from the Fund, including any abnormal expenses that may be levied on the Fund from time to time.

**4. WHOLESALE CLIENT**

You represent and warrant that you are a 'wholesale client' as defined in the Corporations Act 2001 (Cth). You must notify MIMAL immediately if you become aware that this representation and warranty ceases to be correct.

**5. TERMINATION AND AMENDMENT**

MIMAL may terminate this agreement or cease to pay or alter the rate of the Rebate on no less than 30 days' prior written notice to you.

This agreement automatically terminates if the payment of the Rebate to you is prohibited by law or on payment of the final rebate to you following you redeeming all of your Investment in the Fund.

**6. GOVERNING LAW AND JURISDICTION**

This agreement is governed by the law in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.

**7. EFFECTIVE DATE**

This agreement takes effect on 11 December 2020.

**8. CONFIDENTIALITY**

Unless otherwise required by law, you must keep the existence and terms of this agreement confidential.

## 9. ACCEPTANCE

By remaining invested in the Fund and accepting Rebates, you are taken to have agreed to the terms and conditions in this Agreement.

### Schedule

#### Part A – Rebate

Management fee (pa) (inclusive of GST, net of Reduced Input Tax Credits)	Effective management fee (pa) (exclusive of GST)
0.440%	Equal to your existing management fee (pa) (exclusive of GST).

The Rebate for the Investment will be calculated and accrued daily based on the value of your Investment on that day (using the net asset value (**NAV**) unit price for the Fund). The Rebate will be paid quarterly in arrears as additional units in the Fund at the NAV unit price.

If you cease to have an Investment in the Fund on a date other than the last day of March, June, September or December, the Rebate for the final quarter that you had an Investment in the Fund will be calculated for each day of the quarter up to the date of final redemption and paid as cash within 15 days of the end of that final quarter.

#### Part B – Goods and Services Tax

The agreed effective fee in Part A does not include Goods and Services Tax (**GST**). You acknowledge that the gross fees charged at the Fund level in relation to your Investment is subject to GST and that accordingly, for the effective fee in Part A, the actual effective fee borne by you following the application of the Rebate will equal the GST exclusive effective fee in Part A plus an additional amount on account of GST equal to the net impact of GST after reduced input tax credits on the gross fee charged at the Fund level in respect of your Investment. This net impact of GST is subject to small changes annually in accordance with the GST law.

The actual effective fee borne by you after payment of the Rebate (inclusive of the net impact of GST) will differ from the management fee (inclusive of GST) paid by you prior to the Fund switching to a NAV unit price.

#### Part C – Representations and warranties

If you hold an Australian Financial Services Licence (**AFS Licensee**) or are an authorised representative of an AFS Licensee, you represent and warrant to MIMAL that at all times:

- (a) you will comply with Part 7.7A of the Corporations Act (**FoFA**)
- (b) you have such policies and procedures and systems in place to enable you to comply with FoFA
- (c) you will not do anything which causes, is likely to cause or will directly or indirectly cause MIMAL to breach FoFA in respect of any payments made by MIMAL to you pursuant to this Agreement, and
- (d) if you have invested in the Fund on behalf of underlying clients, you will promptly pass on the Rebate to the underlying clients on whose behalf you have invested in the Fund (and in any case, will do so as soon as practicable but no later than three months after receiving the Rebate) and that rebates will be accepted by you on the condition that they will be passed on to those underlying clients.

You must promptly notify MIMAL if any representations and warranties in this agreement cease to be true and, subject to applicable laws prohibiting disclosure, agree to provide such information to MIMAL as it reasonably requests in relation to this Rebate.