

Macquarie Corporate Bond Fund – Class A Units

(For platform use only)

Product Disclosure Statement – 26 April 2022

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This Product Disclosure Statement (**PDS**) is a summary of significant information about the Class A Units in the Macquarie Corporate Bond Fund (**Fund**). It contains a number of references to additional important information contained in a separate information booklet (**Information Booklet**). This information forms part of the PDS and you should read the Information Booklet together with this PDS before making a decision to invest in the Fund.

The information in this PDS and the Information Booklet may change from time to time. Where information that changes is not materially adverse to investors, we may update this information by updating the relevant document or by publishing an update at macquarieim.com/pds. You can access a copy of the latest version of this PDS, the Information Booklet and any updated information free of charge from our website or by contacting us.

The information provided in this PDS and the Information Booklet is general information only and does not take account of your personal financial situation or needs. You should obtain your own financial advice tailored to your personal circumstances.

This offer is only open to persons receiving this PDS and the Information Booklet within Australia or any other jurisdiction approved by us.

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, the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested, and 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.

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1. About Macquarie Investment Management Australia Limited

Macquarie Investment Management Australia Limited (**Macquarie, we, us, our**) is the responsible entity of the Fund. We are responsible for the investment decisions, management and administration of the Fund. 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 Fund. Both entities form part of Macquarie Asset Management Public Investments, a division of

Macquarie Asset Management which is Macquarie Group's asset management business.

Macquarie Asset Management Public Investments delivers a full-service offering across a range of asset classes including fixed interest, listed equities (domestic and international), listed real estate securities and infrastructure securities to both institutional and retail clients in Australia and the US, with selective offerings in other regions.

2. How the Macquarie Corporate Bond Fund – Class A Units works

The Fund is a unit trust registered under the Corporations Act 2001 (Cth) (**Corporations Act**) as a managed investment scheme. Each investor's investment amount is pooled and invested in the manner described in Section 5.

The constitution of the Fund provides for different classes of units and in this case, investors acquire Class A Units in the Fund. A unit gives an investor a beneficial interest in the Fund's assets attributable to the class of units to which the units belong, but not an entitlement to, or interest in, any particular asset of the Fund.

The terms of Class A Units, including an investor's rights and obligations, are set out in this PDS, the Information Booklet and the Fund's constitution (which we can provide to you on request). The constitution can be amended in certain circumstances. 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 reference in this PDS to '**Business Day**' means a day (other than a Saturday, Sunday, public holiday or bank holiday) on which banks are open for general banking business in Sydney.

Unit pricing

The price of a Class A Unit will generally be calculated each Business Day, and will be based on the value of the Fund's assets attributable to Class A Units, less liabilities attributable to Class A Units, divided by the number of Class A Units on issue (the **net asset value unit price**). The price of units will vary as the market value of the Fund's assets and liabilities, attributable to each class of units, 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 net asset value unit price (by the amount of the buy spread), and the redemption price will be lower than the net asset value unit price (by the amount of the sell spread). See Section 6 for further details on the buy/sell spread.

How to invest and access your money

Making initial and additional investments in the Fund

| Application cut-off time (Application Cut-off) ¹ | Minimum initial investment amount ¹ | Minimum additional investment amount ¹ |
|---|--|---|
| 1.00pm Sydney time on a Business Day | \$500,000 | \$5,000 |

¹ Or as we determine otherwise.

You can apply to make an initial investment in the Fund by completing the application form accompanying this PDS (**Application**). Unless we agree otherwise, where we receive an Application (including any required identification documentation) completed to our satisfaction before the Application Cut-off, with funds remitted on the same day, investors will generally receive the application price calculated for the relevant Business Day. Unless we agree otherwise, if we receive an Application (including any required identification documentation) completed to our satisfaction on a Business Day but after the Application Cut-off, or on a non-Business Day, with funds remitted on the same day, we will generally treat the Application as having been received before the Application Cut-off on the next Business Day. For Electronic Funds Transfer (**EFT**)/bank transfer or Real Time Gross Settlement (**RTGS**), if funds are not remitted to us on the same day that we receive the Application Form, the Application will be rejected. Generally, Applications made by direct debit may take up to four Business Days before the amount is invested and units issued to you but may take longer in certain circumstances. If a direct debit fails, the Application will be rejected.

You can add to your investment at any time using BPAY. Alternatively, you can add to your investment by EFT or bank transfer. Please refer to the Information Booklet for more information.

We may accept or reject an application (in whole or in part) at our discretion (without giving reasons). See Section 8 for more details on how to apply.

Redeeming your investment

| Redemption cut-off time (Redemption Cut-off) ¹ | Minimum balance amount ^{1,2} |
|---|---------------------------------------|
| 1.00pm Sydney time on a Business Day | \$500,000 |

¹ Or as we determine otherwise.

² If acceptance of a redemption request will result in a balance of less than the minimum balance amount, we may either reject the redemption request or treat the redemption request as relating to your entire holding.

You can generally request redemption of all or part of your investment in the Fund by writing to us or by completing a redemption request form which you can download at macquarie.com/redemptionform. Alternatively, you can provide a signed request specifying the account name, the Fund name, the amount or number of units to be withdrawn and bank details. You can send your redemption request by facsimile, email, mail or such other method agreed by us.

Where we receive a redemption request, completed to our satisfaction, before the Redemption Cut-off, investors will generally receive the redemption price calculated for the relevant Business Day. Unless we agree otherwise, if we receive a redemption request, completed to our satisfaction, on a Business Day but after the Redemption Cut-off, or on a non-Business Day, we will generally treat

the request as having been received before the Redemption Cut-off on the next Business Day. Before paying you the redemption amount, we may deduct from that amount any money you owe us in relation to your investment. Redemption proceeds will generally be paid within five Business Days after we accept the redemption request.

Potential delay 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.

The Fund's constitution generally allows us 30 days following receipt of a redemption request to pay redemption proceeds. This may be extended if:

- we have taken all reasonable steps to realise sufficient assets to satisfy a redemption request and are unable to do so due to one or more circumstances outside of our control, such as restricted or suspended trading in the market for an asset, or
- we do not consider that it is in the best interests of investors taken as a whole to realise sufficient assets to satisfy a redemption request.

Distributions

The Fund may receive distributions, interest and gains from the underlying investments. We will generally seek to distribute any net income on a monthly basis and any net realised capital gains at least once a year. Distributions will be calculated based on the net income and net realised capital gains of the Fund. Unit prices may fall as a result of the allocation of the distributions to unitholders.

You may elect to have your distributions paid directly into a nominated Australian financial institution account or to have your distributions reinvested as additional Class A Units. If you do not make an election, your distributions will be reinvested.



You should read the important information about **how the Fund works** including additional information on how to invest and access your money, unit pricing methodology and potential delay of redemptions before making a decision. Go to Section 2 of the Information Booklet at macquarieim.com/pds. The material relating to how the Fund works may change between the time when you read this statement and the day when you acquire the product.

3. Benefits of investing in the Macquarie Corporate Bond Fund – Class A Units

Significant features

- Provides exposure to a range of primarily investment grade Australian and international credit-based securities.
- Provides exposure to carefully selected global corporate and structured securities.
- Uses disciplined investment processes that are backed by in-house research and quantitative analysis.

Significant benefits

- Potential for regular income.
- Potential for higher returns than traditional cash investments.
- Access to the investment management expertise of Macquarie Asset Management Public Investments.



You should read the important information about **additional features and benefits** of the Fund before making a decision. Go to Section 3 of the Information Booklet at macquarieim.com/pds. The material relating to additional features and benefits of the Fund may change between the time when you read this statement and the day when you acquire the product.

4. Risks of managed investment schemes

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). Financial markets can and have been volatile, and higher levels of market volatility may result in greater risk for investors than an investment in less volatile markets. 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, where other parts of your wealth are invested and whether your investment portfolio will be appropriately diversified after making the investment. 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 performance or returns of the Fund and you

may lose some or all of the money that you have invested in the Fund. The significant risks of the Fund are described below, but there could be other risks that 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 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 unit price. The unit price may vary by material amounts, even over short periods of time, including during the period between a redemption request or application for units being made and the time the redemption unit price or application unit price is calculated.

Income securities risk: The Fund may have exposure to a range of income securities. The value of these securities may

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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. These risks may be greater for securities offering higher returns. Income security risk may cause unit price volatility and/or financial 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 the credit markets in general. The Fund has exposure to credit-related securities and takes credit risk in order to achieve its investment objectives. Deteriorations in the market's perception of credit quality may negatively impact the values of such securities, and hence the Fund's unit price.

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. The Fund may take active interest rate positions, either through physical security selection or through derivatives. Movements in market interest rates may impact the value of your investment in the Fund.

Default risk: Issuers or entities that the Fund has exposure to may default on their obligations, for instance by failing to make a payment due on a security or by failing to return principal. Such parties can include the issuers of securities the Fund has exposure to (or those referenced in credit derivative transactions), and may include sovereigns, supranational entities, governments and states, as well as corporations. Counterparties to the Fund and/or underlying fund may default on a contractual commitment. Counterparties may include over-the-counter derivatives counterparties, brokers (including clearing brokers of exchange traded instruments), repurchase agreement counterparties, foreign exchange counterparties, as well as the custodian. Default on the part of an issuer or counterparty could result in a financial loss to the Fund.

Liquidity risk: Investments may be difficult or impossible to sell, either due to factors specific to that security, or to prevailing market conditions. Liquidity risk may mean that an asset is unable to be sold or an exposure is unable to be rebalanced within a timely period and at a fair price, potentially resulting in delays in redemption processing or 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. Liquidity risk may also arise from a change or proposed change to reference rates such as LIBOR, and the uncertainty resulting from the change.

Structured security risk: The Fund may have exposure to structured securities, such as Residential Mortgage Backed Securities (RMBS), and Asset Backed Securities (ABS). Structured securities are exposed to specific risks including increased sensitivity to interest rate movements, credit spreads, and higher liquidity risk. Their value is also dependent on the quality of the underlying assets, and may be affected by factors such as the creditworthiness of the underlying debtors, underlying asset values, levels of default in the underlying loans, and prepayment rates. Structured securities may experience losses more frequently than an equivalently rated standard fixed income security, and losses may also be greater.

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, its underlying assets or its repayments, and may be re-assessed by rating agencies in a range of circumstances.

Bank loans risk: Traded bank loans are a specialised asset class, and may incur higher valuation and liquidity risks than standard fixed income debt instruments, as well as being exposed to market sentiment regarding the bank loan sector in general. Additionally, the underlying borrowers may be of lower credit quality, exposing the purchaser of the loan (the Fund, in this case) to higher default risk. Traded bank loans may also be exposed to increased operational risk due to their specialised administration and settlement processes.

Derivatives risk: Derivatives may be used 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 the risk of increased sensitivity of the Fund's unit price to underlying market variables. The use of derivatives 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, all of which may affect the value of units in the underlying fund and therefore the value of units in the Fund.

Valuation risk: The carrying value of the investments, that the Fund has exposure to, used to generate the Fund's 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. This may mean that the Fund's unit price does not reflect the value that will be achieved when processing a redemption.

Emerging market risk: The Fund may provide exposure to emerging markets. Emerging markets are generally considered riskier than developed markets due to factors such as lower liquidity, the potential for political unrest leading to recession or war, the greater potential for sanctions to be imposed on emerging markets countries or their citizens, companies or institutions, the increased likelihood of sovereign intervention (including default and currency intervention), currency volatility, the increased risk of securities or bond markets in emerging markets 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. This means there may be large movements in the unit price of the Fund over short or long periods of time and/or periods when some of the Fund's assets (including a significant proportion) cannot be traded.

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. In addition, the investment strategies, models and internal trading guidelines may vary over time, and there is no guarantee that such changes would produce favourable outcomes.

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 between the Australian dollar and foreign currencies impact the Australian dollar value of the foreign investments that the Fund has exposure to. The Fund seeks to reduce this risk by hedging its currency exposure. The currency hedging employed may not completely remove the risk of currency exposure causing an adverse impact on an investor's investment return. Hedging also reduces the opportunity to profit from favourable currency movements. Furthermore, costs may be incurred in implementing any hedging strategy.

Force majeure risk: Issuers or counterparties of investments that the Fund holds or has exposure to may be impacted by a force majeure event, which is an event beyond the control of that party. This includes events such as fire, flood, earthquakes, pandemic, war, terrorism and labour strikes. Such events may adversely

affect that party's ability to perform its obligations resulting in an adverse impact on the Fund. A force majeure event may also impact the ability of Macquarie and/or the investment manager to operate and manage the Fund as described in this PDS.

Regulatory and legal risk: Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund and/or the execution of investment strategies. Such initiatives may impact transaction or security types or a market, and may be either country specific or global. Such changes may result in the Fund failing to achieve its investment objectives.

Similarly, laws affecting registered managed investment schemes (including taxation and corporate and regulatory laws) may change in the future, affecting investors' rights and investment returns.

5. How we invest your money


You should consider the likely investment return, the risks involved and your investment timeframe when deciding whether to invest in the Fund.

Macquarie Corporate Bond Fund – Class A Units

| | | | | | | | |
|---|---|-----------------|---------------------------|--------------------|----------------------------|------------------|-----------------------|
| Fund objective | The Fund aims to outperform the Bloomberg AusBond Bank Bill Index, after costs but before tax, over a rolling three-year basis. It aims to provide regular monthly income with some potential for growth while aiming to preserve capital value. | | | | | | |
| Description of the Fund | <p>The Fund provides exposure to a well-diversified range of investment-grade corporate bonds (primarily Australian-dollar issued bank, corporate and asset-backed securities). The Fund also has exposure to global bond markets, which may include emerging markets. The Fund may also have opportunistic exposure to high-yield, and unrated domestic and global securities. The Fund's approach is to exploit available credit and liquidity premia as well as market inefficiencies, to deliver attractive, stable income through the cycle.</p> <p>The Fund aims to preserve capital and minimise capital volatility by seeking the most attractively priced credit securities, based on our investment processes</p> <p>The Fund gains exposure to these assets either directly or through funds managed by a member of the Macquarie Group.</p> <p>The Fund may be exposed to derivatives to implement its investment strategy, primarily either to change the nature of the Fund's interest rate risk profile or to provide a hedge against the credit risk profile of the Fund's underlying securities.</p> <p>The portfolio is generally hedged to Australian dollars.</p> | | | | | | |
| Asset allocation¹ | Investment-grade credit: | 0% – 100% | | | | | |
| | High yield: | 0% – 10% | | | | | |
| | Unrated securities: | 0% – 15% | | | | | |
| Benchmark | Bloomberg AusBond Bank Bill Index | | | | | | |
| Suggested minimum investment timeframe | Three years | | | | | | |
| Inception date² | 23 June 2009 | | | | | | |
| 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. Go to Section 5 of the Information Booklet for more information. Refer to Section 4 for more information on the risks of an investment in the Fund. | | | | | | |
| Target investors | The Fund may be suitable for investors who are looking for an investment with the objective of the Fund listed above and are prepared to accept the risks of the Fund set out in Section 4. | | | | | | |
| Changes to the Fund | We may make changes to the Fund from time to time or terminate the Fund. We will provide such notice as required by the Corporations Act or constitution of the Fund. | | | | | | |
| Fund performance | Performance history information can be obtained from our website at macquarie.com.au/performance or by calling Client Service. Past performance is not a reliable indicator of future returns, which can differ materially. | | | | | | |

¹ The above ranges are indicative only. The Fund will be rebalanced within a reasonable period of time should the exposure move outside these ranges. Investments may include but are not limited to: domestic and global, potentially including emerging markets, fixed and floating rate instruments issued by banks, corporates, governments, asset-backed securities such as residential mortgage backed securities, bank loans and other credit related securities.

² Macquarie was appointed as the responsible entity of the Fund from 26 April 2022. Prior to this date, the Fund was operated by a different responsible entity.

 You should read the important information about **how the Investment Manager invests your money** including ethical investments, switching and calculating the performance of the Fund before making a decision. Go to Section 5 of the Information Booklet at macquarieim.com/pds. The material relating to how the Investment Manager invests your money may change between the time when you read this statement and the day when you acquire the product.

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6. 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 contribution fees and management costs where applicable. Ask Macquarie Asset Management Public Investments or your financial adviser.

To find out more

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

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your investment, the returns on your investment or from the Fund's assets attributable to Class A Units. Different fees and costs may apply to different classes of units in the Fund.

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). Information on how managed investment schemes are taxed is set out in Section 7 of this PDS.

You should read all of the information about fees and other costs, as it is important to understand their impact on your investment. You can use this information to compare costs between different simple managed investment schemes. ASIC provides a calculator, available at www.moneysmart.gov.au, which can be used to calculate the effect of fees and costs on account balances.

| Type of fee or cost ^{1,2} | Amount |
|---|---|
| Fees when your money moves in or out of the Fund | |
| Establishment fee | Nil |
| Contribution fee | Nil |
| Withdrawal fee | Nil |
| Exit fee | Nil |
| Management costs | |
| The fees and costs for managing your investment | Management costs of 0.56% pa, comprising: Management fee – 0.53% pa of the net asset value of the Fund's assets attributable to Class A Units Indirect costs ³ – 0.03% pa of the net asset value of the Fund's assets attributable to Class A Units. |

1 You may also incur a buy/sell spread when your money moves in or out of the Fund. See 'Buy/Sell spread' below for further details.

2 Fees may be individually negotiated if you are a wholesale investor under the Corporations Act and subject to compliance with applicable regulatory requirements. See Section 6 of the Information Booklet for further details.

3 Based on indirect costs for Class A Units in the Fund for the previous financial year. Past costs may not be a reliable indicator of future costs. We are entitled to be reimbursed for certain administrative expenses under the constitution. Abnormal expenses, which are in addition to administrative expenses, will generally be paid for by the Fund. Refer to Section 6 of the Information Booklet for information about the treatment of management fees, performance fees and expenses of underlying funds (if any). Indirect costs may also include certain costs such as over-the-counter derivatives and any other costs required to be included for the purposes of the Corporations Act. See 'Indirect costs' below for more information.

Example of annual fees and costs of the Fund

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

| Example | | Balance of \$550,000 with total contribution of \$5,000 during the year |
|--|-----------------------------|--|
| Contribution fees | Nil | For every additional \$5,000 you put in, you will not be charged any contribution fee. |
| PLUS Management costs comprising: | 0.56% pa¹ | And for every \$550,000 you have in Class A Units in the Fund, you will be charged \$3,080 each year, comprising: |
| Management fee – Fund | 0.53% pa | \$2,915 |
| Indirect costs | 0.03% pa | \$165 |
| EQUALS cost of Fund | | If you had an investment of \$550,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$3,080 . ² |
| | | What it costs you will depend on the fees you may be able to negotiate. |

1 Calculated using the 'indirect cost ratio' for Class A Units in the Fund for the previous financial year. The 'indirect cost ratio' refers to the management costs expressed as a percentage of the average net asset value of the Fund. It is not a forecast of the amount of the total management costs, which may be higher or lower in the future.

2 This example assumes there is no variation in the value of your investment and the additional investment of \$5,000 is made at the end of the period. In practice, the value of an investor's investment and the fees paid will vary and if an additional investment is made during the period, a management fee will also be payable on the additional investment from the date that the additional investment is made.

Additional explanation of fees and costs

Management fee

The fee is calculated as a percentage of the net asset value of the Fund's assets attributable to Class A Units, accrues daily and is payable monthly. It is deducted from the Fund's assets and reflected in the unit price for Class A Units.

Indirect costs

Indirect costs are the costs (excluding the management fee referred to above) incurred in managing the Fund's assets which directly or indirectly reduce the return on the Fund. These costs are not directly charged or retained by us for acting as responsible entity of the Fund. These costs are generally deducted from the Fund's assets or an underlying fund's assets and reflected in the unit price for each class. Indirect costs are generally paid when incurred. Refer to the Information Booklet for more information.

Transactional and operational costs

Transactional and operational 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, spreads on securities bought or sold, taxes and stamp duty) will generally be incurred as part of the management of the Fund.

These costs are an additional cost to you and are reflected in the unit price for each class. They are not amounts paid to us or the Investment Manager.

Buy/Sell spread

The Fund may recover an estimate of transactional and operational costs through a buy/sell spread from investors who apply for, or redeem units.

When units are acquired, a buy spread is added to the value of a unit. The buy spread is an amount which reflects the estimated transaction costs associated with acquiring the underlying investments. When units are redeemed, a sell spread is subtracted from the value of a unit. The sell spread is an amount which reflects the estimated transaction costs of disposing of the underlying investments. 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 existing 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).

The buy/sell spread for Class A Units in the Fund, as at the date of the preparation of this PDS, is +0.20% for applications and -0.20% for redemptions, but we may vary this from time to time. In certain circumstances, the buy/sell spread may increase significantly.

We will not usually provide investors with notice of changes to the buy/sell spread. The latest buy/sell spreads for the Fund are posted on our website at macquarie.com.au/daily_spreads.

The buy/sell spread charged to investors offsets some or all of the transactional and operational 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. This is referred to as 'Fund buy/sell spread recovery'.

Net transactional and operational costs

The net transactional and operational costs for the Fund for the previous financial year were 0.096%, resulting from transactional and operational costs of 0.198% less the buy/sell spread recovery of 0.102%. For example, if you had an account balance of \$550,000 invested in the Fund over the year and there were no changes to your investment, you would have paid \$528 in net transactional and operational costs during that year (excluding any buy/sell spread as a result of applying for, or redeeming, Class A Units in the Fund). When added to the management costs, you would have paid 0.656% (which amounts to \$3,608) in costs.

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

Information about fee changes

We may change the amount of the fees without your consent (up to any maximum that is allowed under the Fund'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 Fund allows, unless we obtain investors' approval to do so. Under the constitution, the maximum fees (exclusive of the net effect of GST) are:

- a maximum contribution fee of 5% of the investment amount
- a maximum redemption fee of 5% of the redemption amount, and
- a maximum management fee of 2% pa of the value of the assets of the Fund.



Additional fees may be paid by you to your financial adviser. You should refer to the statement of advice provided by your adviser for details of those fees.



You should read the **important information about fees and costs** including additional services and charges before making a decision. Go to Section 6 of the Information Booklet at macquarieim.com/pds. The material relating to fees and costs may change between the time when you read this statement and the day when you acquire the product.

Macquarie Corporate Bond Fund – Class A Units

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7. How managed investment schemes are taxed

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.

The Fund will elect into the Attribution Managed Investment Trust (AMIT) regime where it is eligible to do so. Under the AMIT regime, investors will be attributed (and assessed for tax) on amounts of income (including any capital gains) on a fair and reasonable basis for each relevant financial year.

If the Fund does not elect into the AMIT regime, investors in the Fund will be presently entitled to the entire amount of the income of the Fund (including any capital gains) for each relevant financial year and will be assessed for tax on their share of the net income of the Fund (including any capital gains) for a financial year.

Where the Fund is an AMIT and an investor redeems 5% or more of the units on issue of the Fund, we may attribute taxable income to that redeeming investor.

The Fund should not be liable for Australian income tax under present income tax legislation.



You should read the important information about the **additional taxation matters** relating to managed investment schemes before making a decision. Go to Section 7 of the Information Booklet at macquarieim.com/pds. The material relating to the additional taxation matters relating to managed investment schemes may change between the time when you read this statement and the day when you acquire the product.

8. How to apply

You should read this PDS, together with the information contained in the Information Booklet, available at macquarieim.com.au/pds.

Direct investors should complete the Application Form that accompanies this PDS. You can send the completed Application Form and required identification documentation to us by mail, facsimile or email. If you fax or email your identification documentation to us, we may request certified copies of the originals to follow in the mail for our records and your account may not be opened until they have been received.

If you are an indirect investor investing through an investor directed portfolio service (IDPS), please contact your financial adviser or IDPS operator for details of how to invest in the Fund.

Cooling-off period

If you are a 'retail client' under the Corporations Act, you can terminate your investment in the Fund during the period of 14 days starting on the earlier of the time when you receive confirmation of issue of units in the Fund to you or the end of the fifth Business Day after the units are issued to you. Your refund will be processed as a redemption and the redemption value will be reduced or increased for market movements since your investment. We will also deduct any tax or duty that is paid or payable by the Fund, any reasonable administration or transactions costs incurred as well as the sell

spread. As a result, the amount returned to you may be less than your original investment. To exercise your cooling-off rights, please write to Client Service.

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



You should read the important information about **dispute resolution** before making a decision. Go to Section 8 of the Information Booklet at macquarieim.com/pds. The material relating to dispute resolution may change between the time when you read this statement and the day when you acquire the product.

9. Other information



You should read the important information about **our legal relationship with you** before making a decision. Go to Section 9 of the Information Booklet at macquarieim.com/pds. The material relating to our legal relationship with you may change between the time when you read this statement and the day when you acquire the product.