

# Information booklet

## Proposal for Macquarie Cash Management Trust Unit Holders

**Macquarie Cash Management Trust**  
ARSN 086 886 606



# Important information

This booklet must be read together with the letter addressed to existing unit holders of the Macquarie Cash Management Trust (CMT) and the Notice of Meeting and the Explanatory Memorandum issued by Macquarie Investment Management Limited (MIML, we, us and our) as the responsible entity of the CMT.

The information contained in this booklet is intended as general information only. It does not take into account your investment needs, objectives or financial situation. Prior to making any decision in relation to how you want to vote at the meeting of unit holders or deal with your current investment in the CMT, you should assess whether such a decision is appropriate for your particular investment needs, objectives and financial circumstances. We recommend that you see a financial or other professional adviser to discuss your options.

Macquarie Bank Limited (MBL) ABN 46 008 583 542, an authorised deposit taking institution regulated by Australian Prudential Regulation Authority (APRA), is the issuer of the Macquarie Cash Management Account (Macquarie CMA), an at-call bank account.

Investments in a Macquarie CMA represent a bank deposit with MBL and have the benefit of the depositor protection provisions in the Banking Act 1959, and the benefit of the Government guarantee on retail deposits until October 2011 up to the current limit of \$A1 million for each depositor with MBL. More information on the Government guarantee is in this booklet, and available at [www.guaranteescheme.gov.au](http://www.guaranteescheme.gov.au)

Investments in the CMT are offered by MIML.

Investments in the CMT are not deposits with or other liabilities of MBL or of any Macquarie Group company and are subject to investment risk, including possible delays in repayment and loss of income or principal invested. None of MBL, MIML or any other member company of the Macquarie Group guarantees the performance of the CMT or the repayment of capital from the CMT or any particular rate of return.

The Product Information Statement for the Macquarie CMA, along with all the documents related to the CMT unit holders' meeting (provided with this booklet), are available on the website [www.macquarie.com.au/cmtvote](http://www.macquarie.com.au/cmtvote) or by calling our dedicated service centre on 1800 614 378 or +61 2 8245 4249 (if calling from outside of Australia).

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# 1. What is the Proposal?

Macquarie Investment Management Limited (MIML), the responsible entity of the Macquarie Cash Management Trust (CMT), has put forward a Proposal to be considered and voted on by CMT unit holders.

The Proposal is to convert your investment in the Macquarie CMT into an at-call deposit in a Cash Management Account (Macquarie CMA) with Macquarie Bank Limited (MBL).

The Macquarie CMA you receive would retain the same functionality, BSB and account number, and be supported by the same service teams as your existing account.

MIML has conducted its own review and sought an independent expert's opinion and believes this Proposal is in the best interests of unit holders as a whole. MIML recommends that you vote in favour of this Proposal.

If the Proposal is approved the conversion is scheduled to take place on the weekend of 31 July 2010, followed by the subsequent winding up of the CMT.

## How does it work?

### Macquarie CMT

- Your units in the CMT are redeemed
- Each unit is valued at \$1 plus accrued interest

### Example:

CMT Units = 10,000  
CMT Balance = \$10,000 plus accrued interest

Convert

### Macquarie CMA

- Balance including accrued interest carried across from your CMT to your new Macquarie CMA

### Example:

CMA Balance = \$10,000 plus accrued interest

# 2. What are the key dates?



Note: All times and dates are Sydney time, Australia. MIML has the right to amend the above dates without notice and will post the information on the website at [www.macquarie.com.au/cmtvote](http://www.macquarie.com.au/cmtvote)

### 3. What are the reasons for the Proposal?

This Proposal was developed due to a number of key factors, which are important for you to understand. These are as follows:

- Benefiting from the Retail Guarantee
- Convenience of the same functionality, service and account details
- The higher rate of return available on the CMA
- Changing market conditions and increasing costs
- Withdrawal of the Wholesale Guarantee
- Credit rating disclosure changes

#### Benefiting from the Retail Guarantee

The Macquarie CMA is covered by the Government's Retail Guarantee. This Retail Guarantee applies to aggregate retail cash deposits of up to \$A1 million held by any one account holder with eligible institutions such as MBL, including products like the CMA and term deposits.

#### Convenience of the same functionality, service and account details

If the Proposal is approved, the transition from your CMT account to a Macquarie CMA will allow you to keep your current account name, BSB and account number. This means you will be able to transact as normal and all your regular transactions (direct debits and credits) will continue.

Continuity of service would not be possible if you wished to transfer from the CMT to any other bank account or product.

The CMT functionality and services you are used to receiving are also available from the Macquarie CMA. This means you will be able to use all the services you currently do. Your account will also be serviced by the same specialist staff, who are renowned for their efficient service and product knowledge, and can be contacted using the same details you currently use.

If the Proposal is approved and implemented, the transition from the CMT to a Macquarie CMA is expected to happen with no interruption to the service or use of your account. **No paperwork will be required from you** (apart from voting on the Proposal, should you wish to do so).

The CMT and the Macquarie CMA are both at-call accounts, so your funds will remain available to you at all times. If at any time you choose to withdraw your funds you are free to do so.

#### The higher rate of return available on the CMA

A number of factors are currently affecting the ability of the CMT to provide unit holders with competitive returns, as compared to bank accounts.

The rate of return from the CMT is determined by factors including the performance of its underlying investments and market rates in the wholesale government bond and bank securities market. Over time, these rates have become less competitive compared with those offered through bank account products, like the Macquarie CMA.

As at 3 March 2010, the rate of return on the Macquarie CMT was 2.66% p.a.<sup>#</sup> compared to the interest rate on the Macquarie CMA of 4.00% p.a.

For the CMA, MBL has committed to mirror the Reserve Bank of Australia (RBA) cash rate until March 2012, updating the rate within one week of any change.<sup>^</sup>

<sup>#</sup> Daily average annualised rate.

<sup>^</sup> The Macquarie CMA interest rate is variable and subject to change without notice. Until March 2012 MBL has committed that the rate will be adjusted to reflect any change in the RBA cash rate within one week of the change being announced by the RBA.

### 3. What are the reasons for the Proposal?

#### Changing market conditions and increasing costs

Generally, the CMT and other cash management trusts in Australia have experienced decreases in funds invested during the past two years. This has been caused by investors choosing to move their money from cash management trusts into bank accounts, often to obtain a higher rate of return on their cash or to seek the security of the Government's Retail Guarantee.

As funds in the CMT decrease, the cost of maintaining the services and functionality continue to increase as a proportion of total funds invested in the CMT. This means that MIML has limited opportunity to keep maintaining and improving the functionality of the CMT without increasing costs for unit holders.

#### Withdrawal of the Wholesale Guarantee

The Government announced on 7 February 2010 that the Wholesale Guarantee will be withdrawn on 31 March 2010. With guaranteed bank securities and deposits becoming less available, the CMT will invest into new bank securities and deposits not covered by the Wholesale Guarantee. As a result, the extent to which the underlying investments of the CMT are covered by the Wholesale Guarantee will fall over time as those investments mature or are sold.

#### Summarising the difference between the Government's Wholesale Guarantee and the Retail Guarantee

**The Wholesale Guarantee** is the term we use to refer to the Government's Guarantee for Large Deposits and Wholesale Funding. It can apply to wholesale bank securities and cash deposits of more than \$A1 million held by any one account holder with an eligible institution such as MBL. A government fee is payable to guarantee these deposits. The Government has announced that the Wholesale Guarantee will end for new investments after 31 March 2010.

**The Retail Guarantee** is the term we use to refer to the Government's guarantee under the Financial Claims Scheme, which applies to aggregate retail cash deposits of up to \$A1 million held by any one account holder with an eligible institution such as MBL. There is no charge to the investor or to MBL for this Guarantee. The Australian Government has stated that the Retail Guarantee will apply until at least 12 October 2011, at which time the \$A1 million cap is to be reviewed.

#### Credit rating disclosure changes

Due to regulatory changes for credit rating agencies in December 2009, Standard & Poor's credit ratings are no longer available for disclosure to Australian retail investors in financial products, such as the CMT.

This means that Standard & Poor's will no longer provide rating information to retail investors about the CMT or the credit quality of the CMT's underlying investments.

## 4. What are the reasons against the Proposal?

The disadvantages of the Proposal include:

- The Retail Guarantee covers aggregate retail cash deposits by a particular holder with MBL up to \$A1 million (including any amounts deposited in the CMA). Any amounts above the \$A1 million cap will not be covered by the Retail Guarantee.

The Government has stated its intention to review the level of the \$A1 million cap in October 2011.

- The CMT's investments are a diversified portfolio of Government and bank securities and deposits, which spreads the risk of failure or default by any one issuer. By contrast the CMA is a single deposit account with MBL, and is not diversified.

- A bank account such as a CMA is a contractual arrangement under which you have a direct relationship with MBL. This contrasts with the CMT, where the responsible entity has certain statutory and fiduciary duties to act in the best interests of members.

As a unit holder of the CMT you have certain rights as part of the group of unit holders, such as rights to vote at a meeting and certain rights you may be able to exercise to protect your interests.

- Although we consider it unlikely due to the systems and procedures we will put in place, it is possible there may be some interruption of services in connection with your account and processing of transactions you request around the time of the transition.
- Excluded unit holders will not be able to acquire a CMA, or if the Proposal is passed will no longer be able to use their CMT. Please see section 6 for more details. They should call MIML for more information on 1800 614 378 or +61 2 8245 4249.

For more details, please see Section 6 of the Explanatory Memorandum.

## 5. What is the Macquarie CMA?

### Features at a glance

The Macquarie CMA is an at-call bank account with MBL, with the same product functionality as the CMT. The Macquarie CMA offers a competitive rate of return.

The following table compares the Macquarie CMT with the Macquarie CMA.

	Macquarie CMT	Macquarie CMA
Structure	Managed Fund	Bank account
Covered by the Retail Government Guarantee	No	Aggregate deposits of up to \$A1m with MBL are covered by the Retail Guarantee*
Nature of investment	Unit trust investing in Government securities, bank securities and deposits	Deposit with MBL
Minimum balance	\$A5,000	\$A5,000
Return (as at 3 March 2010)	2.66% p.a. – variable rate	4.00% p.a. – variable rate. MBL has committed to mirror the RBA cash rate until March 2012, updating the CMA rate within one week of any change
Interest calculated	Daily	Daily
Interest paid	Quarterly	Monthly
Interest paid to nominated account	Yes	Yes
<b>Access</b>		
Online funds transfer to nominated or other account	Yes	Yes
Online BPAY® payments	Yes	Yes

\* The Australian Government has committed to maintaining the Retail Guarantee for aggregate deposits up to \$A1 million for three years from 12 October 2008. The Retail Guarantee is the term we use to describe the Government's guarantee under the Financial Claims Scheme, which covers aggregate retail cash deposits of up to \$A1 million held by any one account holder with MBL without charge to MBL or the account holder.

## 5. What is the Macquarie CMA?

	Macquarie CMT	Macquarie CMA
Online tax payments	Yes	Yes
Periodic payments	Yes	Yes
Direct debits	Yes	Yes
PhoneLink	Yes	Yes
Domestic telegraphic transfer	Yes	Yes
Overseas payments	Yes	Yes
Cheque book	Yes	Yes
<b>Deposits</b>		
Direct Credits	Yes	Yes
Deposit book	Yes	Yes
BPAY® deposits	Yes	Yes
<b>Administration</b>		
Dedicated client service team	Yes	Yes
<b>Statements and reporting</b>		
Statement frequency	Quarterly (or monthly if you transact in the month)	Monthly
Statement delivery	Printed or online	Printed or online
Online account balance and last five transactions	Yes	Yes
Online audit letters	Yes	Yes

## 6. Are you excluded from receiving a Macquarie CMA?

Some unit holders may be excluded from receiving a CMA (e.g. if you have a margin loan or if you live outside of Australia). Unit holders who may be in these categories should refer to the information for excluded unit holders in Section 3 of the Explanatory Memorandum.

## 7. What are your options?

After reviewing the information you have been provided with, and seeking any professional guidance you require, you will have three options in relation to the meeting:

- A** Vote in favour of the Proposal either by proxy (post, fax or scan and email to [macquarie@linkmarketservices.com.au](mailto:macquarie@linkmarketservices.com.au)) or in person at the unit holders' meeting; or
- B** Vote against the Proposal either by proxy (post, fax or scan and email to [macquarie@linkmarketservices.com.au](mailto:macquarie@linkmarketservices.com.au)) or in person at the unit holders' meeting; or
- C** Do nothing and not exercise your right to vote.

## 8. How do you vote?

**It is important that you exercise your right to vote. To place your vote you should either:**

- complete the enclosed proxy form and return it to MIML in the **reply-paid envelope provided** (for postage within Australia) or by fax to +61 2 9287 0309 or scan and email to [macquarie@linkmarketservices.com.au](mailto:macquarie@linkmarketservices.com.au)

OR

- attend the unit holders' meeting at 2pm on 22 April 2010 at Bayside Auditorium, Sydney Convention and Exhibition Centre, Darling Harbour, Sydney. Registration will commence from 1pm.

**All proxy forms must be received by MIML no later than 2pm on 20 April 2010.**

**If you hold multiple accounts you should complete the proxy form provided for each account.**




## 9. How do you stay informed?

The dedicated website [www.macquarie.com.au/cmtvote](http://www.macquarie.com.au/cmtvote) gives you access to all the documents for the unit holders' meeting, answers additional questions you might have and has links to more information about the Macquarie CMA.

If you have further questions, please contact us on **1800 614 378** 8am to 7pm Sydney time, or if calling from overseas +61 2 8245 4249. Our service team is available and happy to help.

We also encourage you to speak with your financial adviser, if you have one.

## FOR MORE INFORMATION

-  Visit [www.macquarie.com.au/cmtvote](http://www.macquarie.com.au/cmtvote)
-  1800 614 378  
8am – 7pm (AEST) Monday to Friday
-  +61 2 8245 4249  
(if calling from outside of Australia)