

Case study

For financial advisers only

Portfolio diversification

Using an investment in agriculture for portfolio diversification and to potentially earn enhanced returns.

Background

- Frank currently has an investment portfolio of \$1,000,000 made up of:
 - property assets worth \$700,000; and
 - a share portfolio worth \$300,000
- Frank is an individual investor on the top Marginal Tax Rate¹ and is looking to further diversify his investment portfolio and gain some additional exposure to the share market
- Frank may look to invest into an agricultural product and utilise the potential after-tax cash flow advantages to make a geared investment with exposure to equity markets such as Australian shares.

Possible investment strategy

Frank's adviser recommends the following investment strategy:

- Frank invests 25 interests (\$58,750 excl GST) in the Tree Project
- Frank uses the potential tax refund of \$27,319² from the Macquarie Forestry Investment 2011 and places this into a cash deposit account. These funds, together with interest earned on the deposit, may be drawn to service the interest expenses associated with a 100 per cent geared Investment loan used to invest in an alternative investment product
- The cash deposit account is sufficient to service the interest on a loan to fund an investment into the capital protected product of approximately \$160,000³

Frank has read the Macquarie Forestry Investment 2011 Product Disclosure Statement and is comfortable with the terms and risks of the investment.

¹ Assumes a 46.5 per cent marginal tax rate including the Medicare levy of 1.5 per cent

² $\$58,750 \times 46.5\% = \$27,319$

³ Assumes a cash deposit rate of 5.0 per cent, an alternative investment loan rate of 9.10 per cent and an alternative investment term of 3.5 years.

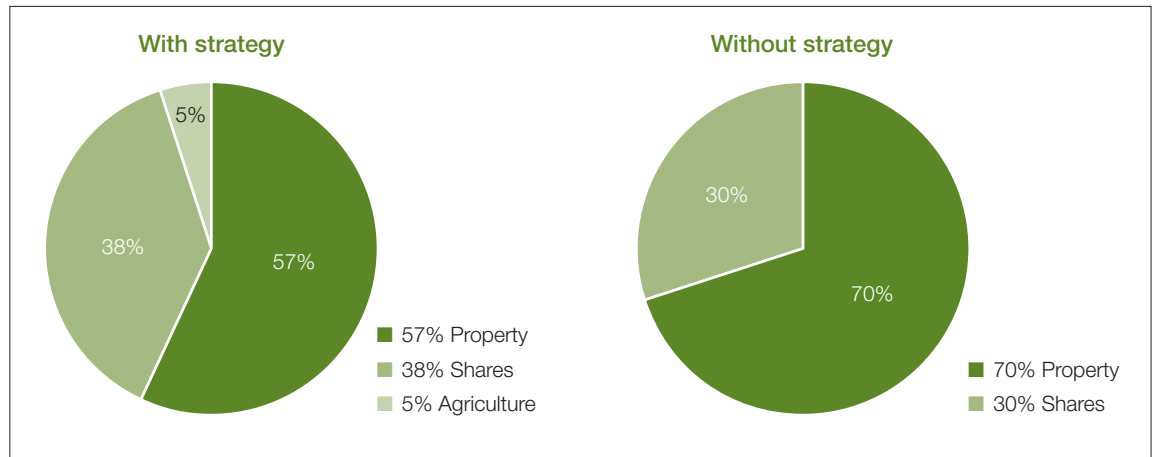
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Potential benefits

By implementing this simple investment strategy, Frank has achieved the following benefits:

- Gained additional exposure to equity markets, such as Australian equities
- Further diversified his portfolio with an investment into agriculture.

Asset Class	With strategy	% of Total portfolio	Without strategy	% of Total portfolio
Property	\$700,000	57%	\$700,000	70%
Shares	\$460,000	38%	\$300,000	30%
Agriculture	\$58,750	5%	Nil	0%
Total portfolio	\$1,218,750	100%	\$1,000,000	100%



Risks

As with any investment there are risks to be considered in relation to an investment in the Macquarie Forestry Investment 2011. As this is a long term agricultural investment, many variables may affect the performance of the investment. In addition to general investment risks, risks specific to the Macquarie Forestry Investment 2011 include agriculture and environmental risks as well as risks associated with the price of trees at maturity. Please see Section 6 "Investment Risks" of the PDS for a description of the material risks associated with the Macquarie Forestry Investment 2011.

For more information on the Macquarie Forestry Investment 2011 contact Macquarie Agribusiness.



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This information is current as at 27 May 2011 and is provided by Macquarie Alternative Assets Management Limited ABN 30 103 237 181, AFSL 225758, (MAAML) as responsible entity for the Macquarie Eucalypt Project 2011 ARSN 149 549 940 and Macquarie Financial Products Management Limited ABN 38 095 135 694, AFSL 237847, (MFPML) as responsible entity for the Macquarie Timber Land Trust 2011 ARSN 149 549 575.

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