



Macquarie Treasury Fund. What you need to know.

The Macquarie Treasury Fund (MTF)* has a AAAm rating from Standard & Poor's (S&P) - the highest credit rating available to a Fund. The AAAm rating indicates that the MTF provides very strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

For more information on Standard & Poor's visit www.standardandpoors.com.au

How the MTF is invested

Many clients use the MTF to move large sums of money, so liquidity (i.e. the ability for investments to be converted to cash quickly) is a key requirement. There are stringent and precise maturity limits to which the MTF adheres. This means that you have easy access to your cash when you need it.

Who looks after my interests?

MTF assets are held in trust for MTF investors. The Responsible Entity (RE) is accountable for the management of the MTF and is under a strict duty to act in the best interests of the MTF unit holders to the exclusion of the RE's own interests. This duty is paramount in all decisions made regarding the management of the MTF.

Update on Government guarantee

Approximately 99% of the MTF is invested with issuers who are eligible to apply for the Australian Government guarantee.

We are closely monitoring Government announcements on this matter and will provide more information as it becomes available.

*The MTF is only available to wholesale clients.

How the MTF invests to manage security and diversification

The MTF can only invest in government securities or bank securities with a short term credit rating of A1 or A1+ by S&P. In addition, the MTF can only invest up to 25% in A1 rated bank securities and deposits.

The S&P AAAm criteria for cash management trusts requires that the trust demonstrates prudent diversification among well-rated organisations.

Below is information of how the MTF is invested as at 23rd October, 2008.

Total invested with A1+ issuers	79.1%
Total held with Australian Four Major Banks*	66.6%
Total held with other A1+ bank issuers	12.5%
Total invested with A1 issuers	20.9%
Total held with Macquarie Bank Limited	6.9%
* Commonwealth Bank of Australia, National Australia Bank, Westpac Banking Corporation, & ANZ Banking Corporation	

The MTF only invests in investments allowed under its Constitution and invests to comply to the Standard & Poor's (S&P) criteria to achieve the S&P AAAm rating.

Currently MTF is 100% invested in Australian bank issued securities and deposits. These banks are Authorised Deposit taking Institutions regulated by APRA.

The MTF has strict limits that must be met to comply with its Constitution and to maintain its AAAm Fund rating.

- i. Maximum 25% exposure to total A1 bank backed paper
- ii. Single Counterparty exposures
 1. Maximum of 33% to single A1+ bank issuer
 2. Maximum of 25% to single A1 bank issuer

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MTF - Frequently Asked Questions

MTF – Essential information

Is the MTF a bank account?

No. It is a trust.

What is a trust?

The key difference between a traditional transaction bank account and a trust, such as the MTF, is the legal structure. As a trust, the MTF is governed by a Constitution, and your funds are invested in line with the MTF Constitution. (More information on the MTF Constitution is provided below.)

Who is responsible for the trust?

Macquarie Investment Management Limited (MIML) is the Responsible Entity. MIML manages more than \$54 billion for over 590,000 investors (as at 31 March 2008).

The MTF investment style and structure

What determines the type of investments selected?

The investment decisions of the MTF are governed by the MTF Constitution. In addition, in order to maintain the S&P AAAM rating, the MTF must adhere to strict criteria set out by S&P.

Who makes investment decisions for the MTF?

MIML as the Responsible Entity for the MTF has a team of experts who monitor the quality of the Trust's investments through ongoing research and risk management procedures to ensure compliance with defined investment parameters governed by the Constitution and the AAAM rating of S&P.

How are investments in the MTF held and managed?

All MTF assets are held in trust solely for the benefit of MTF unit holders. In addition, MIML has an independent credit team within its Funds Group that constantly monitors all counterparties with which the MTF may invest. Any exposures are monitored on a daily basis by the credit team.

What is Standard & Poor's?

S&P is a provider of independent credit ratings, indices, risk evaluations, investment research, and data. S&P has been rating money market funds world-wide for 20 years and is the leading rating agency in this sector.

S&P ratings give you:

- An independent opinion of the risks that could affect stability of principal,
- A robust methodology focused on factors that affect the Fund's net asset value, including credit, counterparty, interest rate and liquidity risks,
- Monthly surveillance of the Fund's holdings to ensure the integrity of the rating, and
- An easily understood rating scale.

For more information on Standard & Poor's visit www.standardandpoors.com.au

What is the AAAM rating?

The AAAM criteria is the highest rating available to a Fund. The rating structure is below.

Principal Stability Ratings Scale

AAAM	Fund provides extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.
AAm	Fund provides very strong capacity to maintain principal value and to limit exposure to principal losses due to credit, market, and/or liquidity risks.
Am	Fund provides strong capacity to maintain principal value and to limit exposure to principal losses due to credit, market, and/or liquidity risks.
BBBm	Fund provides adequate capacity to maintain principal stability, but adverse market conditions and/or higher levels of redemption activity are more likely to lead to a weakened capacity to limit exposure to principal loss.
Bm	Fund has uncertain capacity to maintain principal stability and is vulnerable to principal losses.
Dm	Fund has failed in its capacity to maintain principal stability, resulting in realized or unrealized loss of principal.

(Source - www.standardandpoors.com.au)

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MTF - Frequently Asked Questions

What is the investment criteria required to acquire and maintain AAAM rating?

Funds achieving the AAAM rating have to satisfy robust criteria including:

- Underlying investments must have the highest ratings from Standard & Poor's (minimum 75% rating of A1+ and a maximum of 25% A1),
- The Fund must have a very low sensitivity to interest-rate risks with a weighted average maturity limited to a maximum of 70 days, and
- Detailed information on the Fund's holdings must be submitted regularly to Standard & Poor's dedicated surveillance analysts.

How does the MTF manage its investments to deliver security?

The principle objective of the MTF is to preserve capital. This is reflected in the MTF's Constitution, which puts parameters around both choice of investments and the maturity length of those investments.

The investment decisions of the MTF are governed by the MTF Constitution, which sets out the Responsible Entity's powers and duties. In addition, in order to maintain the S&P AAAM rating, the MTF must adhere to rigorous and precise criteria.

What does the AAAM rating mean to the security of the MTF?

The AAAM rating reflects the MTF's capacity to maintain principal stability and to limit exposure to principal losses due to credit market and/or liquidity risks. The AAAM rating also reflects the quality of the underlying investments.

To maintain the AAAM rating, detailed information on the MTF's holdings must be submitted regularly to Standard & Poor's dedicated surveillance analysts.

Does the AAAM rating offer a high degree of liquidity to MTF investors?

Yes as the AAAM rating criteria stipulates the Fund must maintain:

- A minimum of 10% of the investments maturing within 7 days.
- A maximum weighted average maturity of 70 days.
- A maximum term of any individual investment of 12 months.

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Glossary

ADI (Authorised Deposit-taking Institutions)	Corporations which are authorised under the Banking Act 1959. ADIs include banks, building societies and credit unions. All ADIs are subject to the same Prudential Standards but the use of the names 'bank', 'building society' and 'credit union' is subject to corporations meeting certain criteria. (Source APRA).
Bank (Australian)	An authorised Deposit-taking Institution (ADI). All Australian banks, including Macquarie Bank, CBA, Westpac, etc are ADIs.
Bank issued securities	A security provided by a bank whose payment is the responsibility of the issuer.
Bank bill	A bill of exchange of which the acceptor or endorser is a bank.
Constitution	The written document lodged with the Australian Securities and Investments Commission (ASIC) which governs the operation of a trust such as the Macquarie MTF.
Counterparty	A party with whom Macquarie has an agreement to trade securities.
The regulator	Banking in Australia is highly regulated. The governing body is the Australian Prudential Regulation Authority (APRA). APRA has strict guidelines covering issues such as how much liquid cash banks must hold, how and when they can lend money to other parts of their businesses and limits on large exposures. APRA undertakes an annual review of EVERY bank in Australia, including Macquarie.
Unit	A share in the assets of a managed investment scheme.

The above information is not personal advice and does not take into account the investment objectives, financial situation or needs of any person.

Macquarie Investment Management Limited ABN 66 002 867 003 AFS Licence 237492 (MIML) is the issuer of units in the Fund. The Fund is only available to persons qualifying as 'wholesale clients'. Investors should consider the Information Memorandum (IM) relating to the Fund in deciding whether to acquire or continue to hold units in the Fund.

In no circumstances is it to be used by a person for the purposes of making a decision about a financial product or class of financial products. Macquarie Investment Management Limited (MIML) is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and MIML's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of MIML.

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