

AUST. COMPETITION &  
CONSUMER COMMISSION  
SYDNEY  
- 7 SEP 2006

Allens Arthur Robinson

6 September 2006

Australian Competition and  
Consumer Commission  
Level 7  
Angel Place  
123 Pitt Street  
Sydney NSW 2000

FILE No:
DOC:
MARS/PRISM:

ABN 47 702 595 758  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
Sydney NSW 2000  
Australia  
Tel 61 2 9230 4000  
Fax 61 2 9230 5333  
Correspondence  
GPO Box 50  
Sydney NSW 2001  
DX 105 Sydney  
www.aar.com.au

Dear Sirs

**Macquarie Financial Products Management Limited -  
Exclusive Dealing Notifications**

We act for Macquarie Financial Products Management Limited (*MFPML*).

Enclosed for lodgement on behalf of MFPML are copies of a Form G (Exclusive Dealing Notification) in respect of the following trusts which are managed by MFPML:

- (a) the Macquarie reFleXion Japan Trust; - N31725
- (b) the Macquarie reFleXion Europe Trust; - N31726
- (c) the Macquarie reFleXion Commodity Trust; and - N31724
- (d) the Macquarie reFleXion BRIC and Emerging Markets Trust. - N31723

Also enclosed is a cheque for \$1,600 for lodging the exclusive dealing notifications (being 1x \$1,000 for the initial application and 3 x \$200 as a concessional fee for related applications) and an authorisation letter from MFPML for us to sign the notifications on its behalf.

If you have any queries, please do not hesitate to contact us.

Yours sincerely



**David Robb**  
Partner  
David.Robb@aar.com.au  
Tel 61 2 9230 4389

Encl

**Our Ref** DARS:MUGS:205732935

mugs A0107475214v2 205732935 6.9.2006

Sydney  
Melbourne  
Brisbane  
Perth  
Bangkok  
Beijing  
Hong Kong  
Jakarta  
Phnom Penh  
Port Moresby  
Shanghai  
Singapore

Macquarie Financial Products Management Limited  
ABN 38 095 135 694  
AFS Licence 237847

AUST. COMPETITION &  
CONSUMER COMMISSION  
SYDNEY  
- 7 SEP 2006

No. 1 Martin Place  
SYDNEY NSW 2000  
GPO Box 4294  
SYDNEY NSW 1164  
AUSTRALIA

Telephone +61 2 8232 5072  
Facsimile +61 2 8232 3347  
Internet www.macquarie.com.au  
DX 10287 SSE

4 September 2006

FILE No:
DOC:
MARS/PRISM:

Mr David Robb  
Allens Arthur Robinson  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
SYDNEY NSW 2000



Dear David

**MACQUARIE REFLEXION TRUSTS – NOVEMBER 2006 OFFER  
EXCLUSIVE DEALING NOTIFICATIONS**

We refer to the exclusive dealing notifications to the Australian Competition & Consumer Commission (ACCC) in relation to the Macquarie reFleXion Trusts – November 2006 Offer.

We hereby authorise you to sign and lodge the notifications to the ACCC on behalf of Macquarie Financial Products Management Limited.

Yours sincerely  
**Macquarie Financial Products Management Limited**

**Peter Lucas**  
Director

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Macquarie Financial Products Management Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and Macquarie Financial Products Management Limited'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 Macquarie Financial Products Management Limited.

N31723

**FORM G**

Regulation 9

**COMMONWEALTH OF AUSTRALIA**

*Trade Practices Act 1974 - Sub-section 93(1)*

**EXCLUSIVE DEALING: NOTIFICATION**

To the Australian Competition & Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974* of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(6) or (7) of that Act in which the person giving notice engages or proposed to engage.

1. (a) **Name of person giving notice:**  
Macquarie Financial Products Management Limited (ABN 38 095 135 694).
- (b) **Short description of business carried on by that person:**  
Acting as a responsible entity for a number of registered managed investment schemes including the Macquarie reFleXion BRIC and Emerging Markets Trust.
- (c) **Address in Australia for service of documents on that person:**  
C/ David Robb  
Allens Arthur Robinson,  
Deutsche Bank Place,  
Corner Hunter and Phillip Streets,  
Sydney, NSW 2000  
Ph: (02) 9230 4389  
Fax: (02) 9230 5333
2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**  
Offer and issue of units in the Macquarie reFleXion BRIC and Emerging Markets Trust to retail investors under the Product Disclosure Statement to be dated on or around 27 September 2006. See Attachment A.
- (b) **Description of the conduct or proposed conduct:**  
See Attachment A.
3. (a) **Class or classes of persons to which the conduct relates:**  
Persons or other entities acquiring units in the Macquarie reFleXion BRIC and Emerging Markets Trust.

**(b) Number of those persons:**

- (i) At the present time – Nil.
- (ii) Estimate within the next year – Substantially in excess of 50.

**(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

Not applicable.

**4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

David Robb  
Allens Arthur Robinson  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
SYDNEY NSW 2000

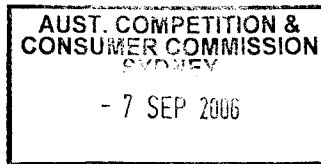
Dated: 6 September 2006

Signed on behalf of the person giving this notice:



DAVID ROBB

PARTNER, ALLENS ARTHUR ROBINSON,  
solicitors for the person giving  
this notice



## ATTACHMENT A

### The Proposed Conduct

Macquarie Financial Products Management Limited (**MFPML**) is a wholly owned subsidiary of Macquarie Bank Limited and acts as the responsible entity of the Macquarie reFleXion BRIC and Emerging Markets Trust which is a registered managed investment scheme under the Corporations Act 2001 (Cth) (the **Trust**).

MFPML proposes to offer and issue units in the Trust to retail and wholesale investors under the Product Disclosure Statement to be dated on or around 27 September 2006 (the **PDS**). The units in the Trust to be offered under the PDS are denominated in Australian dollars (and, accordingly, investors in the Trust will be required to make their investments in Australian dollars), however the underlying investments of the Trust are expected to be denominated in US dollars.

In conjunction with an investment in the Trust, investors will be required to apply for a loan from Macquarie Bank Limited (ABN 46 008 583 542) (the **Bank**) to fund their investment in the Trust (the **Investment Loan**). The key features of the Investment Loan are as follows:

- The Bank will lend investors 100% of their investment amount.
- The Investment Loan will be denominated in Australian dollars with either annual interest prepayments or monthly in arrears interest payments payable in Australian dollars.
- The repayment amount of the Investment Loan, which will be required to be repaid in Australian dollars on the maturity date (30 June 2014), may be different to the amount borrowed. This is because the interest rates payable on the Investment Loan are periodically reset with reference to the prevailing foreign exchange rates and foreign interest rates which correspond to the assets of the Trust, denominated in US dollars.
- The investors will mortgage their units to the Bank as security for the Investment Loan.

Investment in the Trust is expected to provide investors with either an exposure to the performance of the Macquarie-Globalis BRIC Advantage Portfolio or of the Macquarie-Globalis BRIC Advantage Fund (Unhedged). Capital protection ensures that at the maturity date, the investment in the Trust will have an A dollar value which will be at least equal to the value of the Investment Loan repayment amount required to be repaid in Australian dollars.

### Trade Practices Issue

It is possible that the proposed conduct described above might involve conduct of the kind described in 47(6) of the Trade Practices Act 1974 Cth (**the Act**) on the basis that MFPML will only accept the applications for Units in the Trust *on the condition that* investors apply for the Investment Loan from the Bank to fund their investment in the Trust. Similarly, the conduct might involve conduct of the kind in section 47(7) of the Act if MFPML refuses to issue Units in the Trust because the person will not use the Investment Loan from the Bank.

If the products were all provided by the same legal entity there would be no question of a potential breach of section 47(6) and / or 47(7). The possibility of a breach only arises because the products referred to above are offered by related companies which are separate legal entities.

Whilst the proposed conduct may currently fall within the realm of section 47(6) and / or section 47(7), the conduct is inherently pro-competitive. In any event, the public benefits which result from the proposed conduct outweigh any possible public detriment.

### **Public Benefit**

Investors can obtain exposure to the performance of companies that actively participate in the emerging market economies by investing in other financial products, such as managed funds which provide such an exposure or shares of certain European, Asian and South American country listed companies, with a focus on Brazil, Russia, India and China. Managed funds competition includes but not limited to:

- Lazard Emerging Markets Fund; and
- GMO Emerging Markets Fund.

It is also expected that the Macquarie-Globalis BRIC Advantage Fund (Unhedged) will be available in Australia for investment by retail investors from October 2006.

(It is noted that such investments are different to the units, in that they may not include capital protection.)

By using the Investment Loan from the Bank to fund their investment in the Trust, investors will obtain:

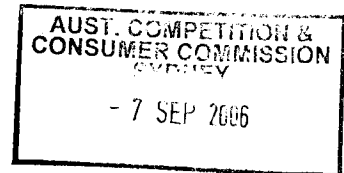
- a loan for 100% of the investment amount in the same currency that investors will be investing;
- capital protection which ensures that at maturity the value of the investment in the Trust will have an Australian dollar value which is at least equal to the value of the repayment amount of the Investment Loan required to be repaid in Australian dollars;
- discounted interest rate for the first 18 months of the investment term; and
- a benefit of optional interest loans to fund annual interest payments under the Investment Loan.

The proposed arrangements are an efficient and cost effective method of providing the investors with capital protection.

MFPML is providing an additional method by which investors can invest in a managed investment scheme, without limiting the options currently available. MFPML therefore considers that the notified conduct is pro-competitive and submits that the public benefits resulting from the greater competition will outweigh any detriment to the public likely to result from the notified conduct.

**FORM G**

Regulation 9

**COMMONWEALTH OF AUSTRALIA***Trade Practices Act 1974 - Sub-section 93(1)***EXCLUSIVE DEALING: NOTIFICATION**

N31724

To the Australian Competition & Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974* of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(6) or (7) of that Act in which the person giving notice engages or proposed to engage.

1. (a) **Name of person giving notice:**  
Macquarie Financial Products Management Limited (ABN 38 095 135 694).
- (b) **Short description of business carried on by that person:**  
Acting as a responsible entity for a number of registered managed investment schemes including the Macquarie reFleXion Commodity Trust.
- (c) **Address in Australia for service of documents on that person:**  
C/ David Robb  
Allens Arthur Robinson,  
Deutsche Bank Place,  
Corner Hunter and Phillip Streets,  
Sydney, NSW 2000  
Ph: (02) 9230 4389  
Fax: (02) 9230 5333
2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**  
Offer and issue of units in the Macquarie reFleXion Commodity Trust to retail investors under the Product Disclosure Statement to be dated on or around 27 September 2006. See Attachment A.
- (b) **Description of the conduct or proposed conduct:**  
See Attachment A.
3. (a) **Class or classes of persons to which the conduct relates:**  
Persons or other entities acquiring units in the Macquarie reFleXion Commodity Trust.

**(b) Number of those persons:**

- (i) At the present time – Nil.
- (ii) Estimate within the next year – Substantially in excess of 50.

**(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

Not applicable.

**4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

David Robb  
Allens Arthur Robinson  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
SYDNEY NSW 2000

Dated: 6 September 2006

Signed on behalf of the person giving this notice:



DAVID ROBB

PARTNER, ALLENS ARTHUR ROBINSON,

solicitors for the person giving

this notice





## ATTACHMENT A

### The Proposed Conduct

Macquarie Financial Products Management Limited (**MFPML**) is a wholly owned subsidiary of Macquarie Bank Limited and acts as the responsible entity of the Macquarie reFleXion Commodity Trust which is a registered managed investment scheme under the Corporations Act 2001 (Cth) (the **Trust**).

MFPML proposes to offer and issue units in the Trust to retail and wholesale investors under the Product Disclosure Statement to be dated on or around 27 September 2006 (the **PDS**). The units in the Trust to be offered under the PDS are denominated in Australian dollars (and, accordingly, investors in the Trust will be required to make their investments in Australian dollars), however the underlying investments of the Trust are expected to be denominated in Euro.

In conjunction with an investment in the Trust, investors will be required to apply for a loan from Macquarie Bank Limited (ABN 46 008 583 542) (the **Bank**) to fund their investment in the Trust (the **Investment Loan**). The key features of the Investment Loan are as follows:

- The Bank will lend investors 100% of their investment amount.
- The Investment Loan will be denominated in Australian dollars with either annual interest prepayments or monthly in arrears interest payments payable in Australian dollars.
- The repayment amount of the Investment Loan, which will be required to be repaid in Australian dollars on the maturity date (30 June 2014), may be different to the amount borrowed. This is because the interest rates payable on the Investment Loan are periodically reset with reference to the prevailing foreign exchange rates and foreign interest rates which correspond to the assets of the Trust, denominated in Euro.
- The investors will mortgage their units to the Bank as security for the Investment Loan.

Investment in the Trust will provide investors with exposure to the performance of the Diversified Commodity Forward Index II and is capital protected. Capital protection ensures that at the maturity date, the investment in the Trust will have an Australian dollar value which will be at least equal to the value of the Investment Loan repayment amount required to be repaid in Australian dollars.

### Trade Practices Issue

It is possible that the proposed conduct described above might involve conduct of the kind described in 47(6) of the Trade Practices Act 1974 Cth (**the Act**) on the basis that MFPML will only accept the applications for Units in the Trust *on the condition that* investors apply for the Investment Loan from the Bank to fund their investment in the Trust. Similarly, the conduct might involve conduct of the kind in section 47(7) of the Act if MFPML refuses to issue Units in the Trust because the person will not use the Investment Loan from the Bank.

If the products were all provided by the same legal entity there would be no question of a potential breach of section 47(6) and / or 47(7). The possibility of a breach only arises because the products referred to above are offered by related companies which are separate legal entities.

Whilst the proposed conduct may currently fall within the realm of section 47(6) and / or section 47(7), the conduct is inherently pro-competitive. In any event, the public benefits which result from the proposed conduct outweigh any possible public detriment.

### **Public Benefit**

Investors can obtain exposure to the performance of companies that actively participate in the resources sector by investing in other financial products, such as managed funds which provide such an exposure or shares of resource companies. Managed funds competition includes but not limited to:

- Macquarie Comets; and
- ABN Amro Alpha Mars.

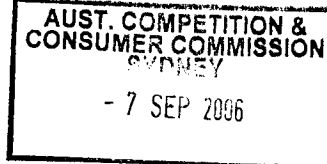
(It is noted that such investments are different to the units, in that they may not include capital protection.)

By using the Investment Loan from the Bank to fund their investment in the Trust, investors will obtain:

- a loan for 100% of the investment amount in the same currency that investors will be investing;
- capital protection which ensures that at maturity the value of the investment in the Trust will have an Australian dollar value which is at least equal to the value of the repayment amount of the Investment Loan required to be repaid in Australian dollars; and
- a benefit of optional interest loans to fund annual interest payments under the Investment Loan.

The proposed arrangements are an efficient and cost effective method of providing the investors with capital protection.

MFPML is providing an additional method by which investors can invest in a managed investment scheme, without limiting the options currently available. MFPML therefore considers that the notified conduct is pro-competitive and submits that the public benefits resulting from the greater competition will outweigh any detriment to the public likely to result from the notified conduct.



**FORM G**

N31725

Regulation 9

**COMMONWEALTH OF AUSTRALIA**

*Trade Practices Act 1974 - Sub-section 93(1)*

**EXCLUSIVE DEALING: NOTIFICATION**

To the Australian Competition & Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974* of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(6) or (7) of that Act in which the person giving notice engages or proposed to engage.

1. (a) **Name of person giving notice:**  
Macquarie Financial Products Management Limited (ABN 38 095 135 694).
- (b) **Short description of business carried on by that person:**  
Acting as a responsible entity for a number of registered managed investment schemes including the Macquarie reFleXion Japan Trust.
- (c) **Address in Australia for service of documents on that person:**  
C/ David Robb  
Allens Arthur Robinson,  
Deutsche Bank Place,  
Corner Hunter and Phillip Streets  
Sydney, NSW 2000  
Ph: (02) 9230 4389  
Fax: (02) 9230 5333
2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**  
Offer and issue of units in the Macquarie reFleXion Japan Trust to retail investors under the Product Disclosure Statement to be dated on or around 27 September 2006. See Attachment A.
- (b) **Description of the conduct or proposed conduct:**  
See Attachment A.
3. (a) **Class or classes of persons to which the conduct relates:**  
Persons or other entities acquiring units in the Macquarie reFleXion Japan Trust.
- (b) **Number of those persons:**



- (i) At the present time – Nil.
- (ii) Estimate within the next year – Substantially in excess of 50.
- (c) **Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

Not applicable.

**4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

David Robb  
Allens Arthur Robinson  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
SYDNEY NSW 2000

Dated: 6 September 2006

Signed on behalf of the person giving this notice:

DAVID ROBB  
PARTNER, ALLENS ARTHUR ROBINSON,  
solicitors for the person giving  
this notice



## ATTACHMENT A

### The Proposed Conduct

Macquarie Financial Products Management Limited (**MFPML**) is a wholly owned subsidiary of Macquarie Bank Limited and acts as the responsible entity of the Macquarie reFleXion Japan Trust which is a registered managed investment scheme under the Corporations Act 2001 (Cth) (the **Trust**).

MFPML proposes to offer and issue units in the Trust to retail and wholesale investors under the Product Disclosure Statement to be dated on or around 27 September 2006 (the **PDS**). The units in the Trust to be offered under the PDS are denominated in Australian dollars (and, accordingly, investors in the Trust will be required to make their investments in Australian dollars), however the underlying investments of the Trust are expected to be denominated in Japanese Yen.

In conjunction with an investment in the Trust, investors will be required to apply for a loan from Macquarie Bank Limited (ABN 46 008 583 542) (the **Bank**) to fund their investment in the Trust (the **Investment Loan**). The key features of the Investment Loan are as follows:

- The Bank will lend investors 100% of their investment amount.
- The Investment Loan will be denominated in Australian dollars with either annual interest prepayments or monthly in arrears interest payments payable in Australian dollars.
- The repayment amount of the Investment Loan, which will be required to be repaid in Australian dollars on the maturity date (30 June 2014), may be different to the amount borrowed. This is because the interest rates payable on the Investment Loan are periodically reset with reference to the prevailing foreign exchange rates and foreign interest rates which correspond to the assets of the Trust, denominated in Japanese Yen.
- The investors will mortgage their units to the Bank as security for the Investment Loan.

Investment in the Trust will provide investors with exposure to the performance of the Nikkei 225 Index and is capital protected. Capital protection ensures that at the maturity date, the investment in the Trust will have an Australian dollar value which will be at least equal to the value of the Investment Loan repayment amount required to be repaid in Australian dollars.

### Trade Practices Issue

It is possible that the proposed conduct described above might involve conduct of the kind described in 47(6) of the Trade Practices Act 1974 Cth (**the Act**) on the basis that MFPML will only accept the applications for Units in the Trust *on the condition that* investors apply for the Investment Loan from the Bank to fund their investment in the Trust. Similarly, the conduct might involve conduct of the kind in section 47(7) of the Act if MFPML refuses to issue Units in the Trust because the person will not use the Investment Loan from the Bank.

If the products were all provided by the same legal entity there would be no question of a potential breach of section 47(6) and / or 47(7). The possibility of a breach only arises because the products referred to above are offered by related companies which are separate legal entities.

Whilst the proposed conduct may currently fall within the realm of section 47(6) and / or section 47(7), the conduct is inherently pro-competitive. In any event, the public benefits which result from the proposed conduct outweigh any possible public detriment.

### **Public Benefit**

Investors can obtain exposure to the performance of companies that actively participate in the Japanese economy by investing in other financial products, such as managed funds which provide such an exposure or shares of Asian country listed companies. Managed funds competition includes but not limited to:

- Platinum Japan Trust;
- BT Japanese Share Trust;
- Commsec Capital Japan; and
- UBS GROI Nikkei 225.

(It is noted that such investments are different to the units, in that they may not include capital protection.)

By using the Investment Loan from the Bank to fund their investment in the Trust, investors will obtain:

- a loan for 100% of the investment amount in the same currency that investors will be investing;
- capital protection which ensures that at maturity the value of the investment in the Trust will have an Australian dollar value which is at least equal to the value of the repayment amount of the Investment Loan required to be repaid in Australian dollars; and
- a benefit of optional interest loans to fund annual interest payments under the Investment Loan.

The proposed arrangements are an efficient and cost effective method of providing the investors with capital protection.

MFPML is providing an additional method by which investors can invest in a managed investment scheme, without limiting the options currently available. MFPML therefore considers that the notified conduct is pro-competitive and submits that the public benefits resulting from the greater competition will outweigh any detriment to the public likely to result from the notified conduct.

**FORM G**

Regulation 9

**COMMONWEALTH OF AUSTRALIA***Trade Practices Act 1974 - Sub-section 93(1)***EXCLUSIVE DEALING: NOTIFICATION**AUST. COMPETITION &  
CONSUMER COMMISSION  
SYDNEY

- 7 SEP 2006

N31726

To the Australian Competition & Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974* of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(6) or (7) of that Act in which the person giving notice engages or proposed to engage.

1. (a) **Name of person giving notice:**  
Macquarie Financial Products Management Limited (ABN 38 095 135 694).
- (b) **Short description of business carried on by that person:**  
Acting as a responsible entity for a number of registered managed investment schemes including the Macquarie reFleXion Europe Trust.
- (c) **Address in Australia for service of documents on that person:**  
C/ David Robb  
Allens Arthur Robinson,  
Deutsche Bank Place,  
Corner Hunter and Phillip Streets,  
Sydney, NSW 2000  
Ph: (02) 9230 4389  
Fax: (02) 9230 5333
2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**  
Offer and issue of units in the Macquarie reFleXion Europe Trust to retail investors under the Product Disclosure Statement to be dated on or around 27 September 2006. See Attachment A.
- (b) **Description of the conduct or proposed conduct:**  
See Attachment A.
3. (a) **Class or classes of persons to which the conduct relates:**  
Persons or other entities acquiring units in the Macquarie reFleXion Europe Trust.
- (b) **Number of those persons:**
  - (i) At the present time – Nil.
  - (ii) Estimate within the next year – Substantially in excess of 50.

(c) **Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

Not applicable.

**4. Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice:**

David Robb  
Allens Arthur Robinson  
Deutsche Bank Place  
Corner Hunter and Phillip Streets  
SYDNEY NSW 2000

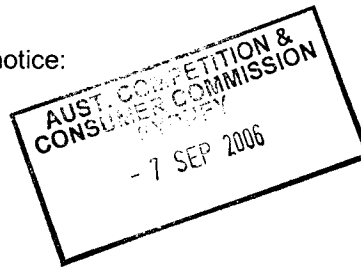
Dated: 6 September 2006

Signed on behalf of the person giving this notice:



DAVID ROBB

PARTNER, ALLENS ARTHUR ROBINSON,  
solicitors for the person giving  
this notice





## ATTACHMENT A

### The Proposed Conduct

Macquarie Financial Products Management Limited (**MFPML**) is a wholly owned subsidiary of Macquarie Bank Limited and acts as the responsible entity of the Macquarie reFleXion Europe Trust which is a registered managed investment scheme under the Corporations Act 2001 (Cth) (the **Trust**).

MFPML proposes to offer and issue units in the Trust to retail and wholesale investors under the Product Disclosure Statement to be dated on or around 27 September 2006 (the **PDS**). The units in the Trust to be offered under the PDS are denominated in Australian dollars (and, accordingly, investors in the Trust will be required to make their investments in Australian dollars), however the underlying investments of the Trust are expected to be denominated in Euro.

In conjunction with an investment in the Trust, investors will be required to apply for a loan from Macquarie Bank Limited (ABN 46 008 583 542) (the **Bank**) to fund their investment in the Trust (the **Investment Loan**). The key features of the Investment Loan are as follows:

- The Bank will lend investors 100% of their investment amount.
- The Investment Loan will be denominated in Australian dollars with either annual interest prepayments or monthly in arrears interest payments payable in Australian dollars.
- The repayment amount of the Investment Loan, which will be required to be repaid in Australian dollars on the maturity date (30 June 2014), may be different to the amount borrowed. This is because the interest rates payable on the Investment Loan are periodically reset with reference to the prevailing foreign exchange rates and foreign interest rates which correspond to the assets of the Trust, denominated in Euro.
- The investors will mortgage their units to the Bank as security for the Investment Loan.

Investment in the Trust will provide investors with exposure to the performance of the Dow Jones Eurostoxx 50 Index and is capital protected. Capital protection ensures that at the maturity date, the investment in the Trust will have an Australian dollar value which will be at least equal to the value of the Investment Loan repayment amount required to be repaid in Australian dollars.

### Trade Practices Issue

It is possible that the proposed conduct described above might involve conduct of the kind described in 47(6) of the Trade Practices Act 1974 Cth (**the Act**) on the basis that MFPML will only accept the applications for Units in the Trust *on the condition that* investors apply for the Investment Loan from the Bank to fund their investment in the Trust. Similarly, the conduct might involve conduct of the kind in section 47(7) of the Act if MFPML refuses to issue Units in the Trust because the person will not use the Investment Loan from the Bank.

If the products were all provided by the same legal entity there would be no question of a potential breach of section 47(6) and / or 47(7). The possibility of a breach only arises because the products referred to above are offered by related companies which are separate legal entities.

Whilst the proposed conduct may currently fall within the realm of section 47(6) and / or section 47(7), the conduct is inherently pro-competitive. In any event, the public benefits which result from the proposed conduct outweigh any possible public detriment.

**Public Benefit**

Investors can obtain exposure to the performance of companies that actively participate in the European economy by investing in other financial products, such as managed funds which provide such an exposure or shares of European country listed companies. Managed funds competition includes but not limited to:

- Platinum European Fund; and
- BT European Share Trust.

(It is noted that such investments are different to the units, in that they may not include capital protection.)

By using the Investment Loan from the Bank to fund their investment in the Trust, investors will obtain:

- a loan for 100% of the investment amount in the same currency that investors will be investing;
- capital protection which ensures that at maturity the value of the investment in the Trust will have an Australian dollar value which is at least equal to the value of the repayment amount of the Investment Loan required to be repaid in Australian dollars; and
- a benefit of optional interest loans to fund annual interest payments under the Investment Loan.

The proposed arrangements are an efficient and cost effective method of providing the investors with capital protection.

MFPML is providing an additional method by which investors can invest in a managed investment scheme, without limiting the options currently available. MFPML therefore considers that the notified conduct is pro-competitive and submits that the public benefits resulting from the greater competition will outweigh any detriment to the public likely to result from the notified conduct.