

# How Macquarie Wrap operates – Q&A

## Macquarie Wrap

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It's important that you understand the structure of your portfolio and are comfortable with your investment choices. This flyer provides the answers to some frequently asked questions regarding how assets are held and our obligations to you. If you have any further questions, please speak to your financial adviser.

### Investment Manager Investment Accumulator

#### Q1. I've heard/read that I don't have 'legal ownership' of my assets in Macquarie Wrap. Is that correct?

- A. The assets in your portfolio are held by a custodian in trust for you. This means you retain 'beneficial ownership' but not legal title. This arrangement facilitates the administration of your portfolio as the custodian manages all the paperwork and reporting, whilst you still remain the beneficial owner of your investments.

Importantly, under the custody arrangement, your assets are held in trust for you, and can only be dealt with on your directions. Importantly, your assets are not available for use by anyone without your express authority.

#### Q2. Exactly how does Macquarie Wrap work?

- A. The legal structure applying to Macquarie Investment Manager and Investment Accumulator is that of an investor directed portfolio service (IDPS).

Macquarie Investment Management Limited (MIML) is the IDPS operator and is ultimately responsible for the provision of the IDPS. MIML also acts as custodian of Macquarie Investment Manager and Investment Accumulator, and has outsourced this function to a sub-custodian.

Bond Street Custodians Limited (BSCL) has been appointed as MIML's sub-custodian. Its prime function is to provide custodial services to a variety of clients including institutions.

MIML and BSCL are wholly owned subsidiaries of the Macquarie Group.

Under an IDPS neither the operator nor the custodian has discretion to make investment decisions and must only act on instructions from the beneficial owner, in this case, the investor. In Macquarie Investment Manager or Investment Accumulator, even though the legal title passes to the custodian, you remain the beneficial owner.

You may authorise others to direct transactions on your portfolio such as an adviser, a third party via power of attorney or via a specific arrangement that you may make with another financial services provider such as a margin lender.

#### Q3. Can my assets be used for securities lending?

- A. No. Your shares and funds are held by a custodian in trust for you, and we will only transact on your account when you (or someone authorised by you) has instructed us to do so.

We have not sought, nor currently intend to seek, such approvals from investors in Macquarie Investment Manager or Investment Accumulator.

Importantly, while we won't use your assets for securities lending, you may have chosen managed investments that utilise this strategy. If you have any queries about the particular managed investments in your portfolio, you should refer to the PDS for each managed investment and discuss your queries with your financial adviser.

#### Q4. Can Macquarie access my assets held in Macquarie Investment Manager or Investment Accumulator without my authority?

- A. No. Your assets are held separately to the assets of Macquarie Group. They are held in trust for you by a custodian. If the Macquarie Group was to need additional funds to operate its businesses, it could NOT access your assets to do so.

We provide a reporting and transaction service, but will only transact on your account when you (or a person authorised by you) has instructed us to do so. In essence, your assets are not available for use without your express authority.

#### Q5. Is the safety of my portfolio linked to Macquarie's share price?

- A. No, the safety of your portfolio in Macquarie Investment Manager or Investment Accumulator is not linked to the share price of Macquarie Group Limited or to the share price of any of its subsidiaries.

The safety of your portfolio rests on the fact that the assets you and your adviser have selected are held in trust for you and are held separately to Macquarie's assets and liabilities.

Importantly, we do not guarantee the value of your portfolio, or any particular rate of return, and it is up to you and your adviser to select the appropriate investment mix for you.

#### Q6. My portfolio is in a Macquarie Wrap account with a margin loan. Does that mean that Macquarie Wrap can also take instructions from the margin lender?

- A. In your Agreement with your margin lender, you may agree to provide them with some rights to transact on your portfolio. For example, if your portfolio value reduces and your loan account goes into margin call, the margin lender may seek repayment of some or all of the loan. This repayment may be financed from assets within your Wrap portfolio. The operation of a margin loan operates in a similar fashion whether or not the assets are held within a Wrap account.

It is important to note that we are not party to any contractual arrangements you may have outside Macquarie Wrap, and so we can't comment on what other specific rights (if any) your margin lender may have on your account. The precise situation regarding margin lender rights should be addressed with your specific margin lender.

## Super and Pension Manager Super Accumulator

#### Q1. I have a Macquarie Superannuation and Pension Manager or Super Accumulator Account. I am concerned whether or not my investments can be used for securities lending purposes?

- A. Superannuation funds are heavily restricted in terms of their lending and borrowing activities. The trustee of the Macquarie Super and Pension Manager and Super Accumulator does not participate in securities lending in relation to the assets in these funds, and has no intention to do so.

However, various managed funds which you and your adviser have selected may engage in securities lending. If you have any queries about the particular managed investment in your portfolio, you should refer to the PDS for each managed investment and discuss your concerns with your financial adviser.

#### Q2. Can Macquarie access my assets in Macquarie Super and Pension Manager or Super Accumulator without my authority?

- A. No, your super is held in trust for you. Your super is held separately to the assets of the Macquarie Group. If the Macquarie Group was to need additional funds to operate its businesses, it could NOT access your super to do so.

#### Q3. Is the safety of my portfolio linked to Macquarie's share price?

- A. No, the safety of your portfolio in Macquarie Super and Pension Manager or Super Accumulator is not linked to the share price of Macquarie Group Limited or to the share price of any of its subsidiaries.

The safety of your portfolio rests on the fact that the assets you and your adviser have selected are held in trust for you and are held separately to Macquarie's assets and liabilities.

Importantly, we do not guarantee the value of your portfolio, or any particular rate of return, and it is up to you and your adviser to select the appropriate investment mix for you.

### Glossary


**BSCCL** is Bond Street Custodians Limited ABN 57 008 607 065, the sub-custodian appointed by MIML to hold investors' assets in custody for Macquarie Investment Manager and Investment Accumulator. It is also the custodian appointed by the Trustee of the Macquarie Superannuation Plan. BSCCL is a wholly owned subsidiary of the Macquarie Group.

**IDPS** means an investor directed portfolio service. This is the legal structure employed by Macquarie Investment Manager and Investment Accumulator.

**MIML** is Macquarie Investment Management Limited, the operator of the IDPS and trustee of the Macquarie Superannuation Plan, a plan which includes Macquarie Super and Pension Manager and Super Accumulator. MIML is a wholly owned subsidiary of the Macquarie Group.


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 **Freecall:** 1800 025 063

 **Fax Gateway:** 1800 025 175 **Corporate Actions Fax Gateway:** 1800 281 476

 **Mail:** Macquarie Wrap, PO Box N498, Grosvenor Place NSW 1220

 **Email:** wrapsolutions@macquarie.com

 **Website:** www.macquarie.com.au/wrapsolutions

 **ClientView:** www.macquarie.com.au/clientview

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