Macquarie Professional Series Global Alternatives Fund

Supplement – Information on underlying funds

ARSN 617 266 127
APIR code MAQ7578AU
ASX mFund code MPS05

Macquarie Investment Management Australia Limited
ABN 55 092 552 611 AFSL 238321
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Macquarie Professional Series Global Alternatives Fund

Supplementary Product Disclosure Statement

Dated 4 May 2021
ARSN 617 266 127
APIR code MAQ7578AU

MACQUARIE

Issuer: Macquarie Investment Management Australia Limited
ABN 55 092 552 611 AFSL No. 238321

Other than Macquarie Bank Limited (MBL), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.

This Supplementary Product Disclosure Statement dated 4 May 2021 (**Supplementary PDS**) is supplemental to the Product Disclosure Statement (**PDS**), dated 14 December 2020, for the Macquarie Professional Series Global Alternatives Fund (**Fund**). The PDS, any previous Supplementary Product Disclosure Statements or updates and this Supplementary PDS should be read together.

On 23 April 2021, it was communicated that the IPM Global Macro Fund, one of the Underlying Funds that the Fund invests in, had been terminated. Once all assets of the IPM Global Macro Fund are realised, net proceeds will be distributed to all investors, including the Fund.

Macquarie Investment Management Australia Limited (**we, us, Macquarie**) are in the final stages of completing due diligence on a suitable replacement Underlying Fund for the Fund. Details of any replacement fund to be invested in by the Fund will be communicated to Fund unitholders prior to the Fund investing in that replacement fund. In the interim, the Fund's strategic allocation of 30% of its net assets to the IPM Global Macro Fund will be held as cash.

Accordingly, with effect from 26 April 2021 until the date that the Fund invests into a new Underlying Fund, the Fund's management fee will temporarily be reduced from 1.38% per annum of the net asset value of the Fund to 0.97% per annum of the net asset value of the Fund.

As a result, the PDS will be amended as follows:

1. **With effect from 23 April 2021, all references to the IPM Global Macro Fund or IPM Informed Portfolio Management AB in the PDS and Supplement are deleted, and Section 1 of the Supplement is deleted.**

2. **With effect from 26 April 2021, the following changes will be made:**

   a. **The fees and costs table in Section 4.1 of the PDS is replaced with the following:**

Type of fee or cost[1,2]	Amount	How and when paid
Fees when your money moves in and out of the Fund		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment	Management costs of 2.78% pa, comprising: **Management fee** 0.97% pa of the net asset value of the Fund.	The management fee: • accrues daily and is payable monthly, and

	Indirect costs[3] 1.81% pa of the net asset value of the Fund, comprising: • 0.00% pa expenses – Fund[4] • 1.81% pa performance fees for Underlying Funds • 0.00% pa expenses from underlying funds • 0.00% pa other indirect costs.[5]	• is deducted from the Fund's assets and reflected in the Fund's unit price. Indirect costs are generally deducted from the Fund's assets and reflected in the Fund's unit price. Indirect costs are generally paid when incurred. Indirect costs include performance fees charged by each Underlying Fund. Each Underlying Fund's performance fee accrues daily and is payable quarterly in arrears and deducted from the relevant Underlying Fund's assets. Refer to section 4 of each Underlying Fund's product disclosure statement for more information on the performance fee for each Underlying Fund. You can access a copy of the latest version of the product disclosure statement for each Underlying Fund at **macquarie.com.au/pds** or by contacting us.
Service fees		
Switching fee The fee for changing funds	Nil	Not applicable

1 You may also incur a buy/sell spread when your money moves in or out of the Fund. Refer to Section 4.2.4 of this PDS for more information.

2 Fees may be individually negotiated if you are a wholesale investor under the Corporations Act and subject to compliance with applicable regulatory requirements. See 'Differential fees' in Section 4.2.6 of this PDS for more information.

3 Based on indirect costs for the previous financial year. Actual costs may vary including by material amounts. Past costs may not be a reliable indicator of future costs.

4 We do not currently seek reimbursement from the Fund for administrative expenses. Abnormal expenses will generally be paid by the Fund. Refer to Section 4.2.2 of this PDS for further details.

5 May also include certain costs such as over-the-counter derivatives and any other costs required to be included for the purposes of the Corporations Act.

b. The content for 'Example of annual fees and costs of the Fund' in Section 4.1 of the PDS is replaced with the following:

Example of annual fees and costs of the Fund

This table gives an example of how the fees and costs in the Fund can affect your investment over a one-year period. You should use this table to compare the Fund with other managed investment products. From 26 April 2021, the management fee was reduced to 0.97% pa.

Example		**Balance of $50,000 with total contributions of $5,000 during the year**
Contribution fees	Nil	For every additional $5,000 you put in, you will not be charged any contribution fee.
PLUS Management costs comprising: Management fee – Fund Indirect costs – Performance fees of Underlying Funds	**3.39% pa**[1] 1.58% pa[2] 1.81% pa	**And** for every $50,000 you have in the Fund, you will be charged **$1,695** each year, comprising: $790 $905
EQUALS cost of Fund		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees of **$1,695**.[3] **What it costs you will depend on the fees you may be able to negotiate.**

1 Calculated using the 'indirect cost ratio' for the Fund for the previous financial year. The 'indirect cost ratio' refers to the management costs expressed as percentage of the average net asset value of the Fund. It is not a forecast of the amount of the total management costs, which may be higher or lower in the future.

2 From 26 April 2021, the management fee is 0.97% pa.

3 This example assumes that there is no variation in the value of your investment and the additional investment of $5,000 is made at the end of the period. In practice, the value of an investor's investment and the fees paid will vary and if an additional investment is made during the period, a management fee will also be payable on the additional investment from the date that the additional investment is made.

c. The footnote in the sub-section entitled 'Net transactional and operational costs' in Section 4.2.4 of the PDS is replaced with the following:

1 Management costs may differ materially in the current financial year as from 26 April 2021, the management fee is 0.97% pa.

Contents

IMPORTANT INFORMATION

This document is a supplement to the PDS (**Supplement**) for the Macquarie Professional Series Global Alternatives Fund (**Fund**). The Supplement sets out certain information relating to the underlying funds in which the Fund may be invested from time to time. The Supplement forms part of the PDS and you should read this Supplement with the PDS before making a decision to invest in the Fund.

The information in the PDS and this Supplement may change from time to time. Where the information in the PDS and this Supplement changes, and such change is not materially adverse to you, we may update the information by publishing an update at **macquarie.com.au/pds**. You can access a copy of the latest version of the PDS, this Supplement and any updated information free of charge from our website or by contacting us.

The information provided in the PDS and this Supplement is general information only, and does not take account of your personal financial situation or needs. You should obtain your own financial advice tailored to your personal circumstances.

Capitalised terms used and not defined in this Supplement have the meaning given to them in the PDS.

Investments in the Fund are subject to investment risk

Other than Macquarie Bank Limited (**MBL**), none of the entities noted in this document are authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of MBL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities, unless noted otherwise.

The offer

This offer is only open to persons receiving the PDS and this Supplement within Australia and New Zealand or any other jurisdiction approved by us. Unless otherwise stated all references to 'dollars' or '$' herein refer to Australian dollars.

No offering to United States persons

Without limiting the above, the offer is only open to persons who are:

a) not a 'U.S. person' for the purposes of Regulation S under the U.S. Securities Act of 1933, and
b) a 'Non-United States person' as defined in Section 4.7(a)(1)(iv) of the rules of the U.S. Commodity Futures Trading Commission.

If you are not an eligible investor as defined above, we reserve the right to compulsorily redeem your unitholding in the Fund.

Warning statement for New Zealand investors

a) The offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
b) The offer and the content of the PDS is principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and regulations made under that Act set out how the offer must be made.
c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
d) The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products.
e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (**http://www.fma.govt.nz**). The Australian and New Zealand regulators will work together to settle your complaint.
f) The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
h) The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
i) If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.*
j) The dispute resolution process described in the PDS is only available in Australia and is not available in New Zealand.
k) If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

* Redemptions and distributions of income will only be paid in Australian dollars to an Australian bank account.

1 IPM Global Macro Fund

Benchmarks

Valuation of non-exchange traded assets

This benchmark addresses whether valuations of the Underlying Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider. The Underlying Fund's non-exchange traded assets are over-the-counter foreign exchange forwards, which are typically valued by Macquarie based on independent sources of exchange rate data published by third party providers, and cash, which is valued at face value with the addition of accrued interest. Therefore, the benchmark is not met.

Macquarie has expertise and experience in financial risk modelling and valuing financial products and other assets types, including non-exchange traded assets. Macquarie has in place valuation methods and policies which describe how non-exchange traded assets and liabilities are to be classified and the methodology to be used to value those assets and liabilities. These methods and policies are consistent with acceptable industry standards. Given that the valuations are based on independent sources of exchange rate data and the risk controls in place, we do not believe that Macquarie performing the valuation results, in any material increase, in risk to investors.

Periodic reporting

This benchmark addresses whether the responsible entity of the Underlying Fund provides periodic disclosure of certain key information on an annual and monthly basis.

! Refer to the table in the 'Macquarie Professional Series Global Alternatives Fund at a glance' section of the PDS for the periodic disclosure of certain key information that will be provided on an annual and monthly basis for the Fund and the Underlying Fund, and whether each meets the benchmark.

Disclosure Principle 1: Investment strategy

Investment strategy and typical asset classes

The Underlying Fund aims to generate long-term absolute returns by investing in exchange-traded government bond, equity index and equity volatility index futures contracts, and over-the-counter foreign exchange forward contracts (**OTC FX forwards**) providing exposure to developed market and emerging market currencies. The Underlying Fund may also gain exposure to currencies by investing in currency futures.

The Underlying Fund holds both long and short positions in futures and OTC FX forwards. The Underlying Fund will also hold cash and cash equivalents.

IPM's investment process involves the use of models to determine the positions held by the Underlying Fund. The models are based on economic theory and rely on the belief that asset prices fluctuate around the true fundamental value of financial assets. The implementation of the investment process is systematic, which means that the vast majority of the Underlying Fund's portfolio exposures are based on the output of the model.

The process, in constructing a diversified portfolio, has its starting point in the evaluation of investment opportunities grouped under the following investment themes.

- **Value** – Identifies and takes positions against discrepancies between observed prices and longer term intrinsic value.
- **Risk premia** – Identifies opportunities for compensation for accepting risk resulting from investors having different risk preferences and the assumption that these preferences do not change over time.
- **Macroeconomic** – Identifies shifts in global economic activity and takes forward-looking positions to profit from the expected market adjustment.
- **Market dynamics** – Each market has its own set of specific characteristics which offer opportunities (for example, investment flows, volatility of interest rate curves).

  Once individual investment opportunities have been evaluated, IPM aggregates all the investment ideas within each of the five portfolios, which make up a broader portfolio, consisting of four relative value and one directional portfolios.
- **Relative value portfolios** – These are segregated into four asset classes (developed market and emerging market currencies, government bonds and equity indices).
  - Each underlying asset is evaluated against an equally weighted basket of assets within that portfolio to establish long or short positions.
  - The aggregate of the long and short positions are expected to remain neutral; that is, the sum of net market exposures are targeted to be zero.
- **Directional portfolio**
  - This may include any of the four asset classes (developed market and emerging market currencies, government bonds, equity volatility indices and equity indices).
  - Unlike the relative value portfolios, this portfolio will take long or short positions across an asset class based on the model's prediction that the asset class (or certain features of the asset class) will rise or fall in value.

! Refer to Section 2.2 of the Underlying Fund's PDS for more information on the investment strategy and process.

Currency denomination and location of the assets

The Underlying Fund may invest in any futures markets globally. The futures, OTC FX forwards and underlying assets may be located in any jurisdiction worldwide and denominated in any currency. The futures and OTC FX forwards held by the Underlying Fund are generally not denominated in Australian dollars. The Underlying Fund may invest in any developed market and emerging market currencies.

The cash holdings of the Underlying Fund, in excess of margin requirements, will generally be denominated in Australian dollars. The cash posted with counterparties or exchanges as margin against the Underlying Fund's futures or OTC FX forwards may be denominated in any currency.

Disclosure Principle 2: Investment manager

The investment manager

IPM Informed Portfolio Management AB (**IPM**) has been appointed to manage the Fund's futures and over-the-counter foreign exchange forwards contracts exposure on a discretionary basis. IPM, founded in 1998 and based in Sweden, is a systematic investment manager offering macro and equity portfolio solutions to investors globally. IPM has been registered as a regulated investment firm with the Swedish Financial Supervisory Authority since 2002. IPM is also registered as a commodity trading adviser and commodity pool operator with the US Commodity Futures Trading Commission and is a member of the National Futures Association in such capacities.

The Investment Manager of the Fund, Macquarie Investment Management Global Limited, also acts as the cash manager of the Underlying Fund, managing the cash investments held by the Underlying Fund in excess of the margin requirements.

Key individuals

IPM's strategy is systematic and does not have any one person who has discretionary decision-making responsibilities. 'Systematic' in this context means that the vast majority of the portfolio exposures are based on the forecasts generated by IPM's systems, other than in rare instances where IPM deems the circumstances to be exceptional.

The following provides details of the identity, relevant qualifications and commercial experience of the key individuals of IPM. The individuals noted below are ultimately responsible for the oversight of IPM's investment activities for the Underlying Fund and will devote as much as time as IPM deems necessary or appropriate in order to manage the Underlying Fund's futures and OTC FX forwards exposure.

Björn Österberg – Managing Director, Chief Investment Officer and Head of Research

Björn Österberg is responsible for the management and development of IPM's investment activities. He is a member of the executive, investment and risk management committees. Björn joined IPM in 2008, with extensive experience in managing quantitative research teams as well as in proprietary trading in a range of asset classes. Prior to IPM, he was Head of Quantitative Research and a member of the proprietary trading team at JP Bank, Head of Quantitative Research at Unibank/Nordea, and a Senior Equity Portfolio Manager at AP4. Björn holds a Masters of Science in Engineering Physics from the Royal Institute of Technology in Stockholm, and has several years of additional studies in both financial economics and macro economics from Stockholm University.

Mattias Jansson – Executive Director, Deputy Head of Research

Mattias Jansson joined IPM in 2005 and has been extensively involved in the research and development of IPM's strategies. His first years were spent at the research department where he worked closely with the advisory board on risk allocation issues and developing the novel approach still in place today in IPM's strategy. Mattias worked on the trading desk between 2007 and 2009, where he gained an in-depth practical understanding of financial markets. After which, he has been fully dedicated to research. Mattias holds a Masters of Science in Engineering Physics from the Royal Institute of Technology in Stockholm.

As at the date of this PDS, there have been no adverse regulatory findings against IPM or the key individuals responsible for the oversight of IPM's investment activities for the Underlying Fund.

Investment management agreement between Macquarie and IPM

The rights and obligations of each of Macquarie and IPM are set out in the terms of an investment management agreement which has been negotiated on an arm's length basis. There are no unusual or materially onerous terms (from an investor's perspective) in the investment management agreement.

Under the investment management agreement between Macquarie and IPM, Macquarie may terminate the appointment of IPM as the investment manager of the Underlying Fund in the following circumstances:

- three months' written notice to IPM, and
- upon the occurrence of certain 'default' events including, but not limited to, a change of control of IPM, liquidation or insolvency of IPM, IPM ceasing to carry on business, a key person event or breach of a material provision or warranty, representation or undertaking of the agreement that has not been remedied within ten business days of us asking IPM to do so.

On termination, IPM will generally be entitled to receive any accrued fees and expenses incurred in respect of the period to termination. Other than any accrued fees and expenses payable, there are no other payment obligations on termination of the investment management agreement by Macquarie.

Disclosure Principle 3: Fund structure

The Underlying Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme. Macquarie is the responsible entity of the Underlying Fund and is responsible for operating the Underlying Fund in accordance with the Underlying Fund's constitution, and the Corporations Act.

The key service providers to the Underlying Fund are:

- the investment manager of the Underlying Fund, IPM Informed Portfolio Management AB, registered as a regulated investment firm with the Swedish Financial Supervisory Authority
- the cash manager of the Underlying Fund, Macquarie Investment Management Global Limited, a company incorporated under the laws of Australia
- the custodian of the Underlying Fund, Citi, a company incorporated under the laws of Australia
- the futures clearing broker and OTC FX forwards prime broker for the Underlying Fund, Morgan Stanley & Co.

The Underlying Fund has a gross maximum anticipated leverage, or maximum anticipated gross market exposure to derivatives, of 18 times of the net asset value of the Underlying Fund and a maximum allowable leverage, or maximum allowable gross market exposure to derivatives, of 18.5 times of the net asset value of the Underlying Fund.

As at the date of this Supplement, the investment strategy that IPM is implementing for the Underlying Fund has historically averaged a leverage of approximately 8 to 10 times the net asset value of the Underlying Fund. There is no guarantee that historical levels of leverage will continue.

IPM applies limits to manage the Underlying Fund's futures and OTC FX forwards investments. Refer to 'Investment limits and guidelines' in Disclosure Principle 4 above.

Assets used as collateral

The initial margin and variation margin is collateral to cover the risk of default on the futures and/or OTC FX forwards contract. If the Underlying Fund's margin account goes below a certain value, then a margin call is made and the Underlying Fund must replenish the margin account. Calls for margin are expected to be paid on the same day. If not, the futures clearing broker, futures exchange or OTC FX forwards prime broker may terminate such futures and/ or OTC FX forwards contracts. Cash deposited as margin with the futures clearing broker, futures exchange or OTC FX forwards prime broker may be encumbered or exposed to set off rights in certain circumstances. For example, these parties may have rights to such collateral where an event of default occurs in relation to futures and/or OTC FX forwards trading undertaken on behalf of the Underlying Fund. Also, the claims against the collateral by third parties may be accelerated in the event of insolvency of Macquarie in certain circumstances.

Disclosure Principle 7: Derivatives

The use of derivatives (in this case, futures and OTC FX forwards) is key to the investment strategy of the Underlying Fund. The Underlying Fund takes long and short positions in exchange-traded futures and OTC FX forwards, which provide returns linked to the movements in the underlying assets.

All of the Underlying Fund's derivatives counterparties must, in IPM's reasonable opinion, meet specified credit criterion, and have sufficient expertise and experience in trading such financial instruments.

! Refer to Section 3 of the PDS for information on the risks associated with the use of derivatives.

Disclosure Principle 8: Short-selling

The Underlying Fund may hold short futures positions and OTC FX forwards although it does not engage in short-selling physical assets. In taking short positions, the Underlying Fund bears the risk of an increase in price of the underlying investment over which the short position is taken.

! Refer to Section 3 of the PDS for more information on the risks associated with short-selling and Disclosure Principle 1 above for details on how IPM manages the risks associated with the investment process generally (including short positions).

Risk management processes employed by P/E Global

P/E Global manages the futures exposure of the Underlying Fund to a predetermined target portfolio volatility, which is measured using standard deviation. In addition to standard deviation, P/E Global also manages portfolio market risk exposure by using a statistical technique to measure and to quantify the level of financial risk of the investment portfolio over a specific short timeframe. Other ways in which P/E Global may manage risk include:

- investing globally across liquid markets
- monitoring initial margin-to-equity and gross market exposures, and
- taking a mixture of long and short positions.

Disclosure Principle 2: Investment manager

The investment manager

P/E Global LLC (**P/E Global**) has been appointed to manage the Underlying Fund's futures exposure on a discretionary basis. P/E Global is a limited liability company, based in Boston Massachusetts, which provides investment advisory and discretionary portfolio management services to clients. P/E Global is registered with the U.S. Commodity Futures Trading Commission as a commodity pool operator and a commodity trading adviser and is a member of the National Futures Association. P/E Global is also registered as an investment adviser with the U.S. Securities and Exchange Commission, which does not imply any certain level of skill or training.

The Investment Manager of the Fund, Macquarie Investment Management Global Limited, also acts as the cash manager of the Underlying Fund, managing the cash investments held by the Underlying Fund in excess of the margin requirements.

Key individual

P/E Global's strategy is systematic and does not have any one person who has discretionary decision-making responsibilities. 'Systematic' in this context means that the vast majority of the portfolio exposures are based on the forecasts generated by P/E Global's quantitative models, other than in rare instances where P/E Global deems the circumstances to be exceptional.

The following provides details of the identity, relevant qualifications and commercial experience of the key individual of P/E Global. The individual noted below is ultimately responsible for the oversight of P/E Global's investment activities for the Underlying Fund and will devote as much time as P/E Global deems necessary or appropriate in order to manage the Underlying Fund's futures exposure.

Warren Naphtal – Founder and Chief Investment Officer

Warren Naphtal is the co-founder of P/E Global LLC. Warren has served as Chief Investment Officer of P/E Global and its affiliated companies since 1995. He has extensive experience in the portfolio management and securities trading fields. From 1993 to 1995, Warren was a Senior Vice President and Head of Derivative Strategies at Putnam Investments. He was also responsible for Putnam's commodity investments and foreign exchange overlay areas working extensively with core clients in the U.S. and Japan. Warren served on Putnam's Capital Market Committee, setting the firm's overall investment strategy and was a founding member of Putnam's Risk Management Committee. From 1989 to 1993, he was a Managing Director of Continental Bank, where his responsibilities included Head of Global Risk Management, Head of Proprietary Trading and Managing Partner of Cardinal Capital Management. From 1987 to 1989, Warren was a Vice President of Continental Bank, where he was responsible for Derivatives Trading. From 1985 to 1986, he traded equity options for O'Connor & Associates, a leading options trading concern that was subsequently acquired by Swiss Bank. Warren graduated from the MIT Sloan School of Management in Massachusetts in 1985, and the University of California, Berkeley where he received a Bachelor of Science in Civil Engineering in 1983.

As at the date of this Supplement, there have been no adverse regulatory findings against P/E Global or the key individual responsible for the oversight of P/E Global's investment activities for the Underlying Fund.

Disclosure Principle 4: Valuation, location and custody of assets

The Underlying Fund's assets are normally valued at their most recent market value, using independent pricing sources where available for the particular asset type and in accordance with industry standards. Futures are generally valued by reference to the exchange settlement price. Cash is valued at its face value with the addition of accrued interest.

The Fund's assets, futures contracts and cash, are held by Macquarie as the responsible entity of the Fund. Citi has been appointed as the custodian of the Fund. However, as the Fund's assets are held by Macquarie, Citi's role is limited to providing services to the Fund in relation to some of the cash held by the Fund for day-to-day operational purposes (which is generally a small percentage of the Fund's total cash holdings).

Please refer to Disclosure Principle 1 above for information on the location of the assets of the Underlying Fund.

Disclosure Principle 5: Liquidity

As at the date of this Supplement, Macquarie reasonably expects to be able to realise at least 80% of the Underlying Fund's assets, at the value ascribed to those assets in calculating the Underlying Fund's net asset value, within ten days.

Disclosure Principle 6: Leverage

The Underlying Fund uses leverage, which is inherent in futures contracts, to implement the investment strategy although it does not physically borrow to leverage. Leverage generally provides a much larger exposure to the underlying assets with a relatively small initial outlay. The Underlying Fund, therefore, may have gross market exposure (the sum of the combined market exposures of its long and short futures positions) in excess of 100% of the net asset value of the Underlying Fund. While the use of leverage may increase the potential return on an investment in the Underlying Fund, it also increases the level of risk and may also result in substantial losses being incurred by the Underlying Fund.

The maximum allowable leverage, or maximum gross market exposure, of the Underlying Fund is three (3) times the net asset value of the Underlying Fund.

Assets used as collateral

The initial margin and variation margin is collateral to cover the risk of default on the futures contract. If the Underlying Fund's margin account goes below a certain value, then a margin call is made and the Underlying Fund must replenish the margin account. Calls for margin are expected to be paid on the same day. If not, the futures clearing broker or futures exchange may terminate such futures contracts. Cash deposited as margin with the futures clearing broker or futures exchange may be encumbered or exposed to set off rights in certain circumstances. For example, the futures clearing broker may have rights to such collateral where an event of default occurs in relation to futures trading undertaken on behalf of the Underlying Fund. Also, the claims against the collateral by third parties may be accelerated in the event of insolvency of Macquarie in certain circumstances.

Disclosure Principle 7: Derivatives

The use of derivatives (in this case, limited to exchange-traded currency and gold futures) is key to the investment strategy of the Underlying Fund. The Underlying Fund takes both long and short positions in futures, which provide returns linked to the movements in the assets underlying the futures contracts.

All of the Underlying Fund's derivatives counterparties, being futures exchanges and futures brokers, must have, in P/E Global's reasonable opinion, sufficient expertise and experience in trading such financial instruments.

Refer to Section 3 of the PDS for information on the risks associated with the use of derivatives.

Disclosure Principle 8: Short-selling

The Underlying Fund may hold short futures positions although it does not engage in short-selling physical assets. In taking short positions, the Underlying Fund bears the risk of an increase in price of the underlying asset over which the short position is taken.

Refer to Section 3 of the PDS for more information on the risks associated with short-selling and Disclosure Principle 1 above for how P/E Global manages the risks associated with the investment process generally (including short positions).

Currency denomination and location of the assets

The Underlying Fund may have exposure to markets globally across sectors such as equities, fixed income, interest rates, currencies and commodities. The investments to which the Fund is exposed may be located in any jurisdiction worldwide and denominated in any currency.

The Underlying Winton Fund, in which the Underlying Fund is invested, is incorporated in the Cayman Islands and shares in the Underlying Winton Fund are denominated in US dollars.

The cash holdings of the Underlying Fund, in excess of margin requirements, will generally be denominated in Australian dollars. Although a small portion of cash may be held in US dollars. The cash posted with counterparties or exchanges as margin against the Underlying Fund's futures may be denominated in any currency.

The Underlying Winton Funds may also hold, or have exposure to, cash or cash equivalent investments and fixed income instruments, which are likely to be denominated in currencies other than Australian dollars.

Key assumptions and dependencies of the investment strategy

The ability of the investment strategy to produce investment returns will depend on a number of factors, including without limitation, the success of the strategy and the quality of the statistical research underlying the strategy. There is no guarantee that the Underlying Fund will achieve its performance objectives, or produce returns that are positive or compare favourably against its peers.

Investment limits and guidelines

The Underlying Fund invests in exchange-traded derivatives (futures and forwards) and Underlying Winton Funds, and also holds cash and cash equivalents. Through its investments in Underlying Winton Funds, the Underlying Fund also has exposure to derivatives, over-the-counter and exchange-traded, and may have exposure to equities (including exchange-traded funds, depositary receipts and common equity) or fixed income securities directly held by the Underlying Winton Funds.

The Underlying Fund's investments may provide exposure to the following underlying assets:

- Australian listed equities
- international listed equities
- Australian government bonds
- international government bonds
- Australian corporate bonds
- international corporate bonds
- short-term interest rates
- commodities
- currencies, and
- cash and cash equivalent investments.

The Underlying Fund can be expected to trade in or provide exposure to approximately 100 individual markets worldwide across the following categories.

Examples can include but are not limited to those listed below	
Share indices	• S&P 500 (US) • SFE SPI 200 (Australia) • DJ EuroStoxx • Hang Seng (Hong Kong) • BOVESPA (Brazil)
Bonds	• US Treasury 10-year and 5-year bonds • Australian Commonwealth 10-year and 3-year bonds • Japanese Government bonds
Interest rates	• Australian bank bills • Canadian bank bills • US bank bills • Czech rates (swaps)
Currencies	• Australian dollar • Brazilian Real • British Pound
Commodities (meat, grains, energies, base metal and precious metals)	• Sugar • Coffee • Crude Oil • Aluminium • Gold • Cheese • Milk

The following limits apply to the Underlying Fund's investments.

- Excluding margin committed by the Underlying Winton Funds, not more than 10% of the Underlying Fund's net asset value may be committed as initial margin to any single market.
- Excluding margin committed by the Underlying Winton Funds, not more than 50% of the Underlying Fund's net asset value may be committed as initial margin at any time.
- The Underlying Fund will not invest more than 12% of the Underlying Fund's net asset value in the Underlying Winton Funds.

The Underlying Fund does not have a maximum percentage allocation to derivatives. The Underlying Fund will not have a forecast annualised volatility of greater than 30%.

The Underlying Fund's excess cash will be held in bank accounts with Australian authorised deposit-taking institutions, or such other cash or cash equivalent investments as determined by the cash manager of the Underlying Fund. The margin of the Underlying Fund's futures is held with the futures clearing broker or futures exchanges. A small portion of cash may be held in US dollars. The Underlying Winton Funds may also hold or have exposure to cash or cash equivalent investments, and fixed income instruments, which are likely to be denominated in currencies other than Australian dollars.

These guidelines may be changed from time to time.

Disclosure Principle 3: Fund structure

The Underlying Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme. Macquarie is the responsible entity of the Underlying Fund and is responsible for operating the Underlying Fund in accordance with the Underlying Fund's constitution, and the Corporations Act.

The key service providers to the Fund are:

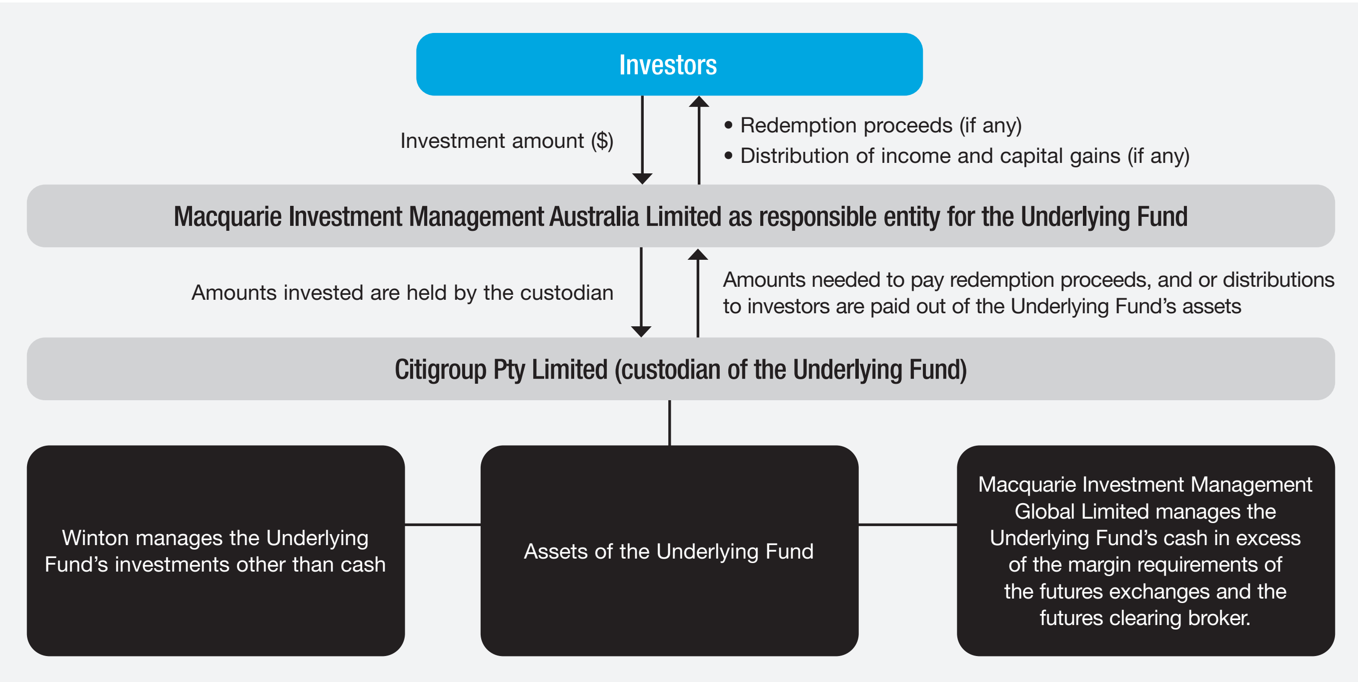
- the investment manager of the Fund, Winton Capital Management Limited
- the cash manager of the Underlying Fund – Macquarie Investment Management Global Limited, a company incorporated under the laws of Australia
- the custodian of the Underlying Fund, Citi, a company incorporated under the laws of Australia, and
- the auditor of the Underlying Fund – Ernst & Young Australia.

Winton or a related body corporate of Winton will be the investment manager of the Underlying Winton Funds.

For more information on the key service providers, please refer to Section 1 of the Underlying Fund's PDS.

Macquarie and the cash manager of the Underlying Fund, both part of Macquarie Group, are related corporations.

The diagram below shows the flow of investment money through the structure of the Underlying Fund.



	Number of contracts held	Notional contract size	Notional leverage
Equity futures contract	1	$250,000	250,000/100,000 = 2.5
Interest rate futures contract	1	$1,000,000	1,000,000/100,000 = 10

Volatility is a statistical measure of risk. The more sharply that the value of a portfolio moves up and down over time, the more volatile it is, and the higher the risk. In the same example, due to the higher volatility in equity futures markets compared to interest rate futures markets, the level of risk you take on would be considerably higher if one equity futures contract was held instead of one interest rate futures contract. This is reflected in the exchange requiring a much higher initial margin to trade equity futures than interest rate futures (refer to Table 2).

	Number of contracts held	Initial margin	Annualised volatility
Equity futures contract	1	$60,000[1]	24.00%[2]
Interest rate futures contract	1	$441[1]	0.57%[2]

1 This is only an approximation of the initial margin of a typical equity and interest rate futures contract.
2 Actual historical volatility, as at 31 May 2020, based on historical daily movements over 1 year for S&P 500 Index and 90 day Australian Bank Bill contracts.

The interest rate futures contract has higher notional leverage, but is lower in risk. This is reflected in lower volatility and lower initial margin requirements. The equity futures contract has lower notional leverage, but is higher in risk. This is reflected in higher volatility and higher initial margin requirements. The example provided is for illustrative purposes only and does not necessarily reflect the characteristics of other futures contracts or derivatives contracts in similar circumstances. The volatility and margin requirements of any futures contracts or derivatives contracts may be significantly different to the example provided.

Assets used as collateral

The initial margin and variation margin is collateral to cover the risk of default on the derivatives contract. If the margin account of the Underlying Fund or an Underlying Winton Fund goes below a certain value, then a margin call is made and the Underlying Fund or the Underlying Winton Fund (as relevant) must replenish the margin account. Calls for margin are expected to be paid on the same day. If not, the clearing broker, or exchange or counterparty (as relevant) may terminate such derivatives contracts. Cash deposited as margin with the clearing broker, or exchange or counterparty (as relevant) may be encumbered or exposed to set off rights in certain circumstances. For example, the counterparty may have rights to such collateral where an event of default occurs in relation to trading undertaken on behalf of the Underlying Fund or an Underlying Winton Fund. Also, the claims against the collateral by third parties may be accelerated in the event of insolvency of Macquarie or the Underlying Winton Fund (as relevant) in certain circumstances.

Where an Underlying Winton Fund physically borrows to leverage, the Underlying Winton Fund is likely to need to grant security over the assets of the Underlying Winton Fund to the lender. The lender will have rights to take possession of and/or sell the secured assets if the Underlying Winton Fund defaults on its loan. The secured assets may be sold at below a fair or market value and/or may not generate net proceeds that are sufficient to fully satisfy the amount outstanding on the loan.

Disclosure Principle 7: Derivatives

The use of derivatives is key to the investment strategy of the Underlying Fund and the Underlying Winton Funds. The Underlying Fund and the Underlying Winton Funds take both long and short positions in derivatives including futures, forwards, swaps and other derivatives, which provide returns linked to the movements in particular underlying investments, such as equities, fixed income, interest rates, currencies and commodities. The Underlying Fund may have exposure to exchange-traded or over-the-counter derivatives.

All of the Underlying Fund's executing brokers must have, in Winton's reasonable opinion, sufficient expertise and experience in trading such financial instruments.

! Refer to Section 3 of the PDS for information on the risks associated with the use of derivatives.

Disclosure Principle 8: Short-selling

The Underlying Fund may have exposure to short derivatives positions and could be indirectly exposed to the short-selling of physical assets through its investment in the Underlying Winton Funds. The key difference between a long position and a short position is that a short position involves the unlimited risk of an increase in the market price of the securities underlying the short position. Such an increase could lead to a substantial loss.

In the case of short-selling of physical assets, there can be no guarantee that the securities or other assets necessary to cover a short position will be available for purchase or available at a fair value price.

! Refer to Section 3 of the PDS for more information on the risks associated with short-selling and Disclosure Principle 1 above for how Winton manages the risks associated with the investment process generally (including short positions).

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