

# Macquarie Professional Series Global Alternatives Fund

Supplement – Information on Significant 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

DATE OF ISSUE / 26 SEPTEMBER 2022

## Macquarie Professional Series Global Alternatives Fund

# Supplementary Product Disclosure Statement

**Dated 23 December 2022**

ARSN 617 266 127

APIR code MAQ7578AU

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**Issuer: Macquarie Investment Management Australia Limited**

ABN 55 092 552 611 AFSL 238321

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This Supplementary Product Disclosure Statement, dated 23 December 2022 (**Supplementary PDS**), is supplemental to the Product Disclosure Statement (**PDS**), dated 26 September 2022, 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.

With effect from on or around 9 January 2023 (**Effective Date**), the following changes will be made to the Fund:

**1. FORT Global Trend Fund to be replaced with Winton Trend Fund (UCITS)**

The Fund's portfolio managers have selected the Winton Trend Fund (UCITS) (**Winton Trend Fund**) to replace the FORT Global Trend Fund in the Fund's line-up of underlying hedge funds and absolute return funds (**Underlying Funds**). The investment manager of the Winton Trend Fund is Winton Capital Management Limited (**Winton**), a London headquartered investment manager who has applied systematic trend-following strategies to global futures markets over the past 25 years across a range of macroeconomic environments.

**2. The allocation range for each Underlying Fund to be changed to between 0% and 35% of the net asset value of the Fund**

**3. The Fund will be permitted to hold cash and cash equivalents either directly or through cash funds managed by a member of the Macquarie Group**

The Fund may also hold cash and cash equivalents either directly or through cash funds managed by a member of the Macquarie Group (**Cash Funds**); whereas previously, the Fund was only permitted to hold its cash and cash equivalents directly. This will give the Fund additional flexibility to seek to maximise returns on its cash holdings.

**As a result of the above changes, the PDS for the Fund will be amended as follows on the Effective Date:**

**1. All references and content relating to 'Supplement' and 'Significant Underlying Funds' in the PDS will be deleted.**

The references and content relating to Significant Underlying Funds will no longer apply as, at the date of this Supplementary PDS, the Fund does not invest 35% or more of its assets in any Underlying Fund. As such, the information contained in a separate supplement (**Supplement**) will no longer be required and so all references and content throughout the PDS relating to the Supplement and Significant Underlying Funds will be deleted.

**2. The content in the 'Macquarie Professional Series Global Alternatives Fund at a glance' section of the PDS will be replaced with the following:**

The Fund is a 'fund of hedge funds' for the purposes of Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 240. The following table sets out a summary of the disclosure that ASIC requires for fund of hedge funds, the key features of the Fund and a guide to where more detailed information can be found in this PDS. A copy of ASIC Regulatory Guide 240 dated October 2022 (as may be amended, supplemented or replaced from time to time) is available from [www.asic.gov.au](http://www.asic.gov.au).

## ASIC Regulatory Guide 240 – Benchmarks

### Valuation of non-exchange traded assets

The Fund invests in hedge funds and other absolute return funds (**Underlying Funds**), which can include funds managed or operated by members of the Macquarie Group (**Macquarie Underlying Funds**) and external funds managed and operated by non-Macquarie Group companies (**External Funds**). The Fund may also hold cash and cash equivalents either directly or through cash funds managed by a member of the Macquarie Group (**Cash Funds**).

This benchmark addresses whether valuations of the Fund's non-exchange traded assets are provided by an independent administrator or valuation service provider. The Fund's non-exchange traded assets are its interests in Underlying Funds, and the cash and cash equivalents that it holds (which can include interests in Cash Funds). The Fund does not meet this benchmark as we have not appointed an independent administrator or independent valuation service provider to value the Fund's non-exchange traded assets.

However:

- Macquarie relies on valuation information from the administrators/investment managers of the External Funds, who are independent of Macquarie, to value the Fund's interests in those funds, and
- for Macquarie Underlying Funds, and cash and cash equivalents (which can include interests in Cash Funds), Macquarie has expertise and experience in financial risk modelling and valuing financial products and other asset 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.

! Refer to Section 1.4 of this PDS for more information on how the Fund's assets are valued.

### Periodic reporting

This benchmark addresses whether the responsible entity of the Fund provides periodic disclosure of certain key information for the Fund on an annual and monthly basis. This benchmark is not met as we do not provide some of the information specified in the benchmark. The table below sets out the information that we provide, how often it is available, where you can access it and also the information that we do not provide.

| Type of information  | Fund  |
|--|---|
| <b>Actual allocation to each asset type</b>  | Available.<br>The actual allocation to each Underlying Fund will be available.<br>Provided monthly in performance report available on our website.            |
| <b>Liquidity profile of assets (that is, the estimated time required to sell an asset at the value ascribed to that asset in the most recently calculated net asset value)</b> | Available.<br>Provided annually in performance report for period ending 30 June available on our website or by contacting us.                                 |
| <b>Maturity profile of liabilities</b>   | Not available.<br>Not relevant given the Fund only invests in the Underlying Funds and cash and cash equivalents (which can include interests in Cash Funds). |
| <b>Leverage ratio (after taking into account the leverage embedded in the assets, other than listed equities and bonds)</b>  | Available.<br>Provided annually in performance report for period ending 30 June available on our website or by contacting us.                                 |
| <b>Names of derivatives counterparties engaged</b>   | Not available.<br>Not relevant to the Fund.   |
| <b>Any changes (including changes in related party status) to any of the key service providers</b>   | Available.<br>Provided monthly in performance report available on our website   |

| Type of information   | Fund   |
|---|--|
| <b>Monthly or annual investment returns over at least a five-year period (or since its inception if a shorter period)</b> | Available.<br>Provided monthly in performance report available on our website. |
| <b>Current total net asset value</b>  | Available.<br>Provided monthly in performance report available on our website. |
| <b>Redemption value of a unit</b>   | Available.<br>Provided monthly in performance report available on our website. |
| <b>Net return on the assets after fees and costs (but before investor level taxes)</b>                                    | Available.<br>Provided monthly in performance report available on our website. |
| <b>Any material change in the risk profile, strategy or individual(s) playing a key role for the Fund</b>                 | Available.<br>Provided monthly in performance report available on our website. |

### ASIC Regulatory Guide 240 – Disclosure Principles

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| <b>Investment manager</b>                        | Macquarie Investment Management Global Limited ( <b>Investment Manager</b> ) is the investment manager of the Fund.   |
| <b>Investment objective and strategy</b>         | <p>The Fund aims to generate long-term total returns by investing in hedge funds and other absolute return funds (<b>Underlying Funds</b>).</p> <p>The Underlying Funds can include funds managed or operated by members of Macquarie Group (<b>Macquarie Underlying Funds</b>) and external funds managed and operated by non-Macquarie Group companies (<b>External Funds</b>). The Fund may also hold cash and cash equivalents either directly or through cash funds managed by a member of the Macquarie Group (<b>Cash Funds</b>).</p> <p>The Fund offers the potential for attractive long-term total returns with low correlation to traditional asset classes. We believe that each Underlying Fund has an investment strategy that is complementary to the other Underlying Funds in the Fund. By combining complementary investment styles, the Fund aims to produce consistent risk-adjusted returns from a diversified and well-balanced liquid alternatives portfolio.</p> <p>! Refer to Section 2 of this PDS for more information on the investment strategy and process of the Fund.</p> |
| <b>Fund structure</b>                            | <p>The Fund is an Australian unit trust registered under the Corporations Act as a managed investment scheme. The responsible entity of the Fund is Macquarie Investment Management Australia Limited (<b>Macquarie, we, us, our</b>).</p> <p>We may appoint service providers to assist in the operation, management and administration of the Fund. The key service providers to the Fund are:</p> <ul style="list-style-type: none"> <li>• Macquarie Investment Management Global Limited (<b>Investment Manager</b>), the investment manager of the Fund</li> <li>• JPMorgan Chase Bank, N.A. (<b>JPM</b>), who will provide fund accounting services to Macquarie as the responsible entity of the Fund, and</li> <li>• Ernst &amp; Young Australia, the auditor of the Fund.</li> </ul> <p>! Refer to Section 1 of this PDS for more information.</p>   |
| <b>Valuation, location and custody of assets</b> | <p><b>Valuation of the assets</b></p> <p>The 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. Interests in each Underlying Fund and Cash Funds are valued using their most recent net asset value price. Cash is valued at face value plus accrued interest.</p> <p>! Refer to Section 1.4 of this PDS for more information.</p>   |

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| <b>Valuation, location and custody of assets</b><br><i>(continued)</i> | <p><b>Location and custody of the material assets</b></p> <p>The Underlying Funds may be located in Australia or overseas and denominated in any currency. The location of the Underlying Funds, varies, but are typically located in Australia, Ireland or Luxembourg. The currency denomination of the Fund's interests in the Underlying Funds also varies but are typically denominated in Australian dollars. However, the underlying investments to which the Fund is exposed, through the Underlying Funds, may be located in any jurisdiction worldwide and denominated in any currency.</p> <p>The cash holdings of the Fund will generally be denominated in Australian dollars and will be held in bank accounts with Australian authorised deposit-taking institutions, or such other cash or cash equivalent investments either directly or through cash funds managed by a member of the Macquarie Group (<b>Cash Funds</b>), as determined by the Investment Manager from time to time. The Fund does not have a custodian. The Fund's assets are held in the name of Macquarie as responsible entity of the Fund.</p> <p>! Refer to Section 2 of this PDS for more information on the location and custody of the Fund's assets.</p>  |
| <b>Liquidity of assets</b>   | <p>At the date of this PDS, Macquarie reasonably expects to be able to realise at least 80% of the Fund's assets at the value ascribed to those assets in calculating the net asset value of the Fund, within ten days.</p> <p>You should note that there are risks associated with liquidity.</p> <p>! Refer to Section 3 of this PDS for those risks.</p>   |
| <b>Exposure to leverage</b>  | <p>Although the Fund does not directly use leverage, it is exposed to leverage through its investments in the Underlying Funds. Each Underlying Fund typically employs leverage through the use of derivatives but may also employ leverage by physically borrowing, which may be effected through brokerage firms, banks or other financial institutions.</p> <p>Therefore, at any point in time, the Fund is likely to have gross market exposure (on a look-through basis) in excess of 100% of its net asset value. Leverage generally provides a much larger exposure to the underlying assets with a relatively small initial outlay. While the use of leverage may increase the potential return on an investment in the Fund, it also increases the level of risk and may result in the Fund incurring substantial losses.</p> <p>The Fund does not set a limit on the level of gross leverage permitted across its portfolio or permitted to be held by an Underlying Fund.</p> <p>At the date of this PDS, we estimate the long-run average gross leverage of the Fund (on a look-through basis) to be approximately 875% of its net asset value. This number is high due to the fact that some Underlying Funds may have significant exposures to short-term interest rates, which have relatively large notional exposures, in order to achieve their investment objectives. Disregarding short-term interest rate positions, or in circumstances where they do not form a significant part of the Fund's exposure, the estimate long-run average gross leverage of the Fund (on a look-through basis) is approximately 355% of its net asset value. This estimate is a weighted average of the long run average leverage for the investment strategy of each Underlying Fund, based on the Fund's strategic allocation to each Underlying Fund as at the date of this PDS. The long-run average leverage of the Fund is subject to change. In particular, the Fund's average leverage will change if the Fund's strategic allocation to its Underlying Funds changes. We will not generally provide investors with notice of a change to the long-run average leverage of the Fund.</p> <p>! Refer to Section 2 of this PDS for more information.</p> <p>! You should note that there are risks associated with the use of leverage by the Underlying Funds. Refer to Section 3 of this PDS for more information on those risks.</p> |
| <b>Exposure to derivatives</b>   | <p>Although the Fund does not directly invest in derivatives, it is exposed to the use of derivatives through its investments in the Underlying Funds.</p> <p>The Underlying Funds take both long and short positions in derivatives, which provide returns linked to movements in underlying assets or investments. The Fund may have exposure to exchange-traded or over-the-counter derivatives. The Fund does not set limits on the types of derivatives that an Underlying Fund may hold.</p> <p>! You should note that there are risks associated with the use of derivatives by the Underlying Funds including the requirement to post collateral. Refer to Section 3 of this PDS for more information on those risks.</p>   |

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| <b>Exposure to short-selling</b> | <p>Although the Fund does not directly engage in short-selling, it typically has exposure to short derivatives positions, and may also have exposure to physical short-selling, through its investments in the Underlying Funds.</p> <p>The Fund does not impose a limit on the level of short-selling across its portfolio or a limit that applies to an Underlying Fund. For short positions to which it is exposed, the Fund bears the risk of an increase in price of the underlying investment over which the short position is taken. Such an increase could lead to a substantial loss. In the case of physical short-selling, 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.</p> <p>! Refer to Section 2 of this PDS for more information.</p> <p>! You should note that there are specific risks associated with exposure to short positions. Refer to Section 3 of this PDS for more information on those risks.</p> |
| <b>Redemptions</b>               | <p>You can generally redeem part or all of your investment in the Fund. Redemption requests will generally need to be received by us prior to 1.00pm Sydney time on a Business Day to receive the redemption price calculated for the relevant Business Day (although we have discretion to reject or delay redemptions even if received by this time).</p> <p>Requests received after the cut-off time will generally receive the redemption price for the next Business Day. In some circumstances, investors may not be able to redeem their investment in the usual period or at all.</p> <p>! Refer to Section 6.2 of this PDS for more information.</p> <p>Redemptions through the mFund Settlement Service must be submitted to your broker and the Australian Securities Exchanges (<b>ASX</b>) by the earlier cut-off times specified by the ASX Settlement Operating Rules and your broker. Please contact your broker for further information.</p>  |

#### Other key features of the Fund

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| <b>Inception date</b>  | 16 August 2017  |
| <b>Suggested minimum investment timeframe</b>                        | Five years  |
| <b>Distribution frequency</b>  | Generally semi-annually (June and December)   |
| <b>Unit pricing frequency</b>  | Generally each Business Day<br>! Refer to <a href="http://macquarie.com.au/unit_prices">macquarie.com.au/unit_prices</a> for the latest unit price available.   |
| <b>mFund Settlement Service</b>                                      | <p>The Fund has been admitted to the mFund Settlement Service (mFund) operated by the ASX.</p> <p>If you intend to invest through mFund, you should read the further important information in relation to investments through mFund set out in Section 1.7 of this PDS.</p>   |
| <b>Direct investors</b>  | <p>Minimum initial investment: \$20,000<sup>1</sup></p> <p>Minimum balance: \$20,000<sup>1</sup></p> <p><small>1 Or as we determine otherwise</small></p>   |
| <b>Fees and other costs</b>  |   |
| <b>Management fee</b>  | <p>0.970% pa of the net asset value of the Fund (inclusive of GST and net of any input tax credits and/or reduced input tax credits).</p> <p>The management fee accrues daily and is payable monthly. It is deducted from the Fund's assets and reflected in the Fund's unit price.</p>   |
| <b>Indirect costs – performance fees charged by Underlying Funds</b> | <p>Although the Fund does not charge a performance fee, a performance fee may be charged by some Underlying Funds.</p> <p>Where payable, performance fees charged by an Underlying Fund are deducted from the assets of the relevant Underlying Fund and reflected in that Underlying Fund's unit price (and therefore, in the Fund's unit price).</p> <p>! Refer to Sections 4.1 of this PDS for more information.</p> |
| <b>Buy/Sell spread</b>   | <p>As at the date of preparation of this PDS, is +0.02% for applications and -0.02% for redemptions but we may vary this from time to time. Latest buy/sell spreads are posted at <a href="http://macquarie.com.au/daily_spreads">macquarie.com.au/daily_spreads</a>.</p> <p>! Refer to Section 4.2.3 for more information.</p>   |

3. The content of the sub-section entitled 'Valuation of assets' in Section 1.4 of the PDS will be replaced with the following:

The 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. The Fund's assets are interests in the Underlying Funds, and cash and cash equivalents. In accordance with our valuation methods and policies, interests in the Underlying Funds and any interests in Cash Funds managed by a member of the Macquarie Group are valued using their most recent net asset value price and cash is valued at face value plus accrued interest.

4. The content in Section 2.1 of the PDS, 'Investment objective and strategy', will be replaced with the following:

**Macquarie Professional Series Global Alternatives Fund**

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| <b>Investment objective and strategy</b> | <p>The Fund aims to generate long-term total returns by investing in hedge funds and other absolute return funds (<b>Underlying Funds</b>).</p> <p>The Underlying Funds can include funds managed or operated by members of Macquarie Group (<b>Macquarie Underlying Funds</b>) and external funds managed and operated by non-Macquarie Group companies (<b>External Funds</b>). The Fund may also hold cash and cash equivalents either directly or through cash funds managed by a member of the Macquarie Group (<b>Cash Funds</b>).</p> <p>The Fund offers the potential for attractive long-term total returns with low correlation to traditional asset classes. We believe that each Underlying Fund has an investment strategy that is complementary to the other Underlying Funds in the Fund. By combining complementary investment styles, the Fund aims to produce consistent risk-adjusted returns from a diversified and well-balanced liquid alternatives portfolio.</p> <p>! Refer to Section 2.2 of this PDS for more information on the selection process that the Investment Manager applies before the Fund invests in an Underlying Fund.</p> |
| <b>Exposure to derivatives</b>           | <p>Although the Fund does not directly invest in derivatives, it is exposed to the use of derivatives through its investments in the Underlying Funds.</p> <p>The Underlying Funds use derivatives, which provide returns linked to the movements in the underlying assets, to obtain both long and short exposures. The Fund may have exposure to exchange-traded or over-the-counter derivatives. The Fund does not set limits on the types of derivatives that each Underlying Fund may hold.</p> <p>! Refer to Section 3 of this PDS for information on the risks associated with the use of derivatives by the Underlying Funds.</p>   |
| <b>Currency denomination</b>             | <p>The Underlying Funds may be located in Australia or overseas and denominated in any currency.</p> <p>The location of the Underlying Funds, varies, but are typically located in Australia, Ireland or Luxembourg. The currency denomination of the Fund's interests in the Underlying Funds also varies but are typically denominated in Australian dollars. However, the underlying investments to which the Fund is exposed through the Underlying Funds may be located in any jurisdiction worldwide and denominated in any currency.</p> <p><b>Cash and cash equivalents</b></p> <p>The cash holdings of the Fund will generally be denominated in Australian dollars and will be held in bank accounts with Australian authorised deposit-taking institutions, or such other cash or cash equivalent investments either directly or through Cash Funds, as determined by the Investment Manager from time to time.</p> <p>! Refer to Section 3 of this PDS for more information on the risks associated.</p>  |
| <b>Liquidity of assets</b>               | <p>At the date of this PDS, Macquarie reasonably expects to be able to realise at least 80% of the assets of the Fund, at the value ascribed to those assets in calculating the net asset value of the Fund, within ten days.</p> <p>You should note that there are risks associated with liquidity. Refer to Section 3 of this PDS for those risks.</p>  |



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| <b>Exposure to leverage</b>                        | <p>Although the Fund does not directly use leverage, it is exposed to leverage through its investments in the Underlying Funds. Each Underlying Fund typically employs leverage through the use of derivatives but may also employ leverage by physically borrowing, which may be effected through brokerage firms, banks or other financial institutions.</p> <p>Therefore, at any point in time, the Fund is likely to have gross market exposure (on a look-through basis) in excess of 100% of its net asset value. Leverage generally provides a much larger exposure to the underlying assets with a relatively small initial outlay. While the use of leverage may increase the potential return on an investment in the Fund, it also increases the level of risk and may result in the Fund incurring substantial losses. The Fund does not set a limit on the level of gross leverage permitted across its portfolio or permitted to be held by an Underlying Fund.</p> <p>At the date of this PDS, we estimate the long-run average gross leverage of the Fund (on a look-through basis) to be approximately 875% of its net asset value. This number is high due to the fact that some Underlying Funds may have significant exposures to short-term interest rates, which have relatively large notional exposures, in order to achieve their investment objectives. Disregarding short-term interest rate positions, or in circumstances where they do not form a significant part of the Fund's exposure, the estimate long-run average gross leverage of the Fund (on a look-through basis) is approximately 355% of its net asset value. The long-run average leverage of the Fund is subject to change. In particular, the Fund's average leverage will change if the Fund's strategic allocation to its Underlying Funds changes. We will not generally provide investors with notice of a change to the long-run average leverage of the Fund.</p> <p>! You should note that there are risks associated with the use of leverage by the Underlying Funds. Refer to Section 3 of this PDS for more information on those risks.</p> |
| <b>Exposure to short-selling</b>                   | <p>Although the Fund does not directly engage in short-selling, it typically has exposure to short derivatives positions, and may also have exposure to physical short-selling, through its investments in the Underlying Funds.</p> <p>The Fund does not impose a limit on the level of short-selling across its portfolio or a limit that applies to an Underlying Fund.</p> <p>For short positions to which it is exposed, the Fund bears the risk of an increase in price of the underlying investment over which the short position is taken. Such an increase could lead to a substantial loss. In the case of physical short-selling, 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.</p> <p>! Refer to Section 3 of this PDS for more information on the risks associated with exposure to short positions.</p>  |
| <b>Allocation ranges and investment guidelines</b> | <p>As at the date of this PDS, the allocation range for each Underlying Fund will be between 0% and 35% of the net asset value of the Fund. The Underlying Funds are not expected to change on a regular basis. The Fund is monitored on an ongoing basis to ensure that it complies with these guidelines. If an Underlying Fund moves outside these guidelines, the Fund will, subject to tolerance thresholds, be rebalanced as soon as practicable to ensure it meets these guidelines. These guidelines may change from time to time. As at the date of this Supplementary PDS, the Fund does not invest 35% or more of its assets in any Underlying Fund.</p> <p>The Fund may reduce its holding of Underlying Funds for a period, pending the Fund investing in one or more additional Underlying Funds. During this period, the Fund's holding in the remaining Underlying Fund(s) will remain within the relevant maximum allowable allocation, with any remaining Fund assets being held in cash and cash equivalents (which can include interests in Cash Funds).</p> <p>If, at any time, the Fund only holds one Underlying Fund pending the Fund investing in a new Underlying Fund(s), then until the Fund is invested in at least two Underlying Funds again, the management fee charged by the Fund will be reduced to be proportionate to the Fund's holding in that sole Underlying Fund relative to the Fund's overall net asset value.</p> <p>The Fund's investments may provide exposure to the following underlying assets:</p> <ul style="list-style-type: none"> <li>• Australian listed equities</li> <li>• international listed equities</li> <li>• Australian fixed income (government and corporate bonds)</li> <li>• international fixed income (government and corporate bonds)</li> <li>• commodities</li> <li>• exchange-traded derivatives</li> <li>• over-the-counter (OTC) derivatives</li> <li>• currencies, and</li> <li>• cash and cash equivalents.</li> </ul>   |



5. **The content in Section 2.3 of the PDS, ‘Key assumptions and dependencies of the investment strategy’, will be replaced with the following:**

The ability of the Fund to produce investment returns will depend on the performance of the Underlying Funds. There is no guarantee that the Fund will achieve its performance objectives, or produce returns that are positive or compare favourably against its peers.

6. **All references to ‘Underlying Manager’ in Section 3 of the PDS, ‘Risks you should consider’, will be replaced with ‘Underlying Fund’. In addition, the risks noted below will be replaced with the following:**

**Leverage risk:** Leverage arises in the Underlying Funds through taking both long and short positions which are larger in size than the net asset value of the Underlying Fund. The Underlying Funds will typically take leveraged positions with the aim of increasing returns which can also lead to increased losses. It may mean that gains and losses in the Underlying Funds (and therefore, in the Fund) may be significantly greater than those in funds that are not leveraged.

**Collateral risk:** Some of the Underlying Funds may enter into derivatives arrangements that require it to deliver collateral to the derivatives counterparty through the exchange or with a relevant counterparty. As such, some Underlying Funds may be exposed to the following additional risks:

- Some Underlying Funds will need to have sufficient liquid assets to satisfy an obligation to post initial or variation margin/collateral. Failure to do so may give the counterparty a right to terminate.
- Some Underlying Funds may be subject to the credit risk of the counterparty and if the counterparty becomes insolvent at a time it holds margin/collateral posted with it by that Underlying Fund, the Underlying Fund will be an unsecured creditor of the counterparty, and will rank behind other preferred creditors such as secured creditors and other creditors mandatorily preferred by law.

Where an Underlying Fund directly physically borrows to leverage (or is exposed to physical borrowing), the borrower is likely to need to grant security to the lender over assets held by the Underlying Fund or to which the Underlying Fund is exposed.

The lender will have rights to take possession of and/or sell the secured assets if the borrower defaults on its loan. The secured assets may be sold at below a fair or market value (thereby causing loss to the Underlying Fund and therefore, the Fund) and/or may not generate net proceeds that are sufficient to fully satisfy the amount outstanding on the loan.

**Derivatives risk:** Some Underlying Funds may have exposure to derivatives as part of the investment strategy. The use of derivatives may expose some Underlying Funds, and therefore the Fund, to risks including counterparty default, legal and documentation risk, and may have the effect of magnifying both gains and losses.

7. **The content of the sub-section entitled ‘Related party issues’ in Section 7.1 of the PDS will be replaced with the following:**

In the execution of transactions, we deal with professional organisations that may include Macquarie Group Limited or its associated companies (**Macquarie Group**). All transactions are conducted on arm's length terms. We can also trade the investments of the Fund with members of the Macquarie Group. These organisations may receive commissions at prevailing market rates for the execution of transactions. Any conflict of interest or potential conflict of interest is managed in accordance with our Conflicts of Interest Policy.

The Macquarie Group is a global provider of banking, financial, advisory, investment and funds management services. The Macquarie Group acts on behalf of institutional, corporate and retail clients and counterparties around the world. Macquarie Investment Management Australia Limited, as the responsible entity of the Fund and Macquarie Investment Management Global Limited, as the Investment Manager of the Fund, generally have no control over these activities. As a result, from time to time the activities of the Fund may be restricted, for example due to regulatory constraints applicable to the Macquarie Group, and/ or its internal policies designed to comply with such constraints.

In certain circumstances, statutory or internal Macquarie Group imposed restrictions may preclude the acquisition or disposal of securities by the Fund. Without limitation, this includes where the acquisition would cause the Macquarie Group's aggregated holdings in a company (including holdings that the Macquarie Group is required to aggregate) to exceed applicable takeover thresholds. In addition, where, due to such restrictions, there is limited capacity to acquire particular securities, the Fund will not have priority over any member of, or any other fund associated with, the Macquarie Group to acquire those securities. Such restrictions may result in an adverse effect on the value of the investments of the Fund due to the Fund being unable to enter into positions or exit positions, as and when desired.

The provision of services by us (and other entities forming part of the Macquarie Group) in relation to the Fund is not exclusive and we, the Investment Manager or other members of the Macquarie Group may act as the responsible entity, trustee, investment manager or adviser for other funds or separate client accounts that have the same or similar investment strategies to the Fund.

**8. The content in Section 7.6 of the PDS, 'Consents', will be replaced with the following:**

**JPMorgan Chase Bank, N.A.**

JPM has provided its consent to be named and has not withdrawn its consent before the issue date of the PDS. JPM has not been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. JPM has not independently verified the information contained in this PDS and accordingly accepts no responsibility for the accuracy or completeness of the information. JPM does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

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## Contact details

### 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 Significant Underlying Funds in which the Fund can potentially invest 35% or more of its assets (**Significant Underlying Funds**). 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 [macquarieim.com/pds](http://macquarieim.com/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 ABN 46 008 583 542 (**Macquarie Bank**), any Macquarie Group entity noted in this material is not an authorised deposit-taking institution for the purposes of the *Banking Act 1959* (Commonwealth of Australia). The obligations of these other Macquarie Group entities do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these other Macquarie Group companies. In addition, (a) the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested, and (b) none of Macquarie Bank or any other Macquarie Group company guarantees any particular rate of return on or the performance of the investment, nor do they guarantee repayment of capital in respect of the investment.

#### 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:

- not a 'U.S. person' for the purposes of Regulation S under the U.S. Securities Act of 1933, and
- 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

- 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.
- 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.
- 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.
- 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.
- 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.
- The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- 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.
- 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.\*
- The dispute resolution process described in the PDS is only available in Australia and is not available in New Zealand.
- 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.

# Macquarie Professional Series Global Alternatives Fund

The Macquarie Professional Series Global Alternatives Fund, a 'fund of hedge funds' for the purposes of Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 240, provides exposure to a portfolio of hedge funds and absolute return funds (each an **Underlying Fund**). This Supplement sets out certain information relating to the Underlying Funds in which the Fund can potentially invest 35% or more of its assets (**Significant Underlying Funds**).

As at the date of this PDS, the Significant Underlying Funds are:

- FORT Global Trend Fund, and
- P/E Global FX Alpha Fund.

The PDS for the Fund and each Significant Underlying Fund are available at [macquarieim.com/pds](http://macquarieim.com/pds).

The following pages set out the disclosure that ASIC requires responsible entities of fund of hedge funds to provide on their significant underlying funds. A copy of ASIC Regulatory Guide 240 dated October 2013 (as may be amended, supplemented or replaced from time to time) is available from [www.asic.gov.au](http://www.asic.gov.au).

# 1. FORT Global Trend Fund

## Benchmarks

### Valuation of non-exchange traded assets

This benchmark addresses whether valuations of the Significant Underlying Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.

The Significant Underlying Fund's non-exchange traded assets are its interests in cash funds, cash or cash equivalents. The Significant Underlying Fund does not meet this benchmark as we have not appointed an independent administrator or independent valuation service provider to value the Significant Underlying Fund's non-exchange traded assets.

However, for cash funds, cash and cash equivalents, Macquarie has expertise and experience in financial risk modelling and valuing financial products and other asset 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.

### Periodic reporting

This benchmark addresses whether the responsible entity of the Significant 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 Significant Underlying Fund, and whether each meets the benchmark.

## Disclosure Principle 1: Investment strategy

### Investment strategy and typical asset classes

The Significant Underlying Fund aims to generate long-term total returns by investing in exchange-traded futures providing exposure to equities, bonds, interest rates, currencies and commodities. The Significant Underlying Fund holds both long and short positions in futures. The Significant Underlying Fund also holds cash, cash equivalents or investments in cash funds.

FORT's investment process is based on a proprietary systematic trading strategy that seeks to identify both positive and negative trends in market prices across a broad spectrum of futures contracts traded on recognised exchanges, allowing the Significant Underlying Fund to gain exposure to the underlying assets. This global and sector diversification provides the Significant Underlying Fund with opportunities to seek profit in a variety of market environments.

The Significant Underlying Fund's strategy is designed to trade in global markets and be diversified across geography (primarily in developed markets), asset classes (equities, bonds, interest rates, currencies and commodities futures contracts), and markets in order to reduce overall volatility and correlation across its positions and employs statistical methods to adaptively shift risk over time.



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

### Currency denomination and location of the assets

The Significant Underlying Fund may have exposure to markets globally across sectors such as equities, bonds, 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 cash holdings of the Significant Underlying Fund, in excess of margin requirements, will generally be denominated in Australian dollars and held as cash, cash equivalent investments or investments in cash funds as determined by the cash manager of the Significant Underlying Fund from time to time. The margin for the Significant Underlying Fund's futures is held with the futures clearing broker or futures exchanges and may 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, market momentum and the trends that develop, the success of the investment process and the strength of the models. There is no guarantee that the Significant Underlying Fund will achieve its performance objectives, or produce returns that are positive or compare favourably against its peers.

### Investment limits and guidelines

The Significant Underlying Fund invests in exchange-traded derivatives (futures) that provide exposure to equities, bonds, interest rates, currencies and commodities. The Significant Underlying Fund also holds cash, cash equivalents and/or investments in cash funds.

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

- Australian listed equities
- international listed equities
- international government bonds
- Australian corporate bonds
- international corporate bonds
- global interest rates
- commodities, and
- currencies.

The Significant Underlying Fund does not have a minimum or maximum percentage allocation to futures or any of the underlying asset types. However, the maximum margin to equity ratio for the Significant Underlying Fund, that is the percentage of the Significant Underlying Fund's assets required to be set aside as margin for the Significant Underlying Fund's investments, is 9%.

The Significant Underlying Fund's excess cash will be held as cash, cash equivalent investments and/or invested in cash funds as determined by the cash manager of the Significant Underlying Fund from time to time. The margin on the Significant Underlying Fund's futures is held with the futures clearing broker or futures exchange.

These guidelines may be changed from time to time.

## Risk management processes employed by FORT

FORT believes using a fully systematic strategy can potentially produce high quality risk-adjusted returns while mitigating the risk of significant drawdowns that can occur as a result of certain

types of market events. FORT's ongoing research seeks to develop quantitative trading systems. FORT's adaptive portfolio allocation process systematically allocates risk across these underlying models according to an assessment of risk-adjusted profitability. This dynamic process seeks to improve risk-adjusted returns, by allocating to models and markets which have shown better performance characteristics, and by allocating away from models and markets which have underperformed.

FORT generally attempts to manage risk for the Significant Underlying Fund, including the risks associated with leverage, through a combination of diversification and observing a maximum margin-to-equity ratio, which is the percentage of the Significant Underlying Fund's assets required to be set aside as margin for the Significant Underlying Fund's investments.

The Significant Underlying Fund's risk controls, including the Significant Underlying Fund's margin-to-equity ratio, are regularly and consistently monitored systematically as well as by FORT's portfolio management team, trade execution team and the heads of finance and compliance.

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## Disclosure Principle 2: Investment manager

### The investment manager

FORT, L.P. (**FORT**) manages the Significant Underlying Fund's futures exposure on a discretionary basis.

FORT, founded in 1993, is an alternative investment firm based in the United States, and is exclusively committed to quantitative investment strategies. FORT manages funds on behalf of institutional investors globally, including pensions, endowments, foundations and sovereign wealth firms. FORT is registered as an investment adviser with the U.S. Securities and Exchange Commission, although this does not imply any particular level of skill or training.

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

### Key individuals

FORT's strategy is systematic. 'Systematic' in this context means that market information such as pricing and volume is used to create rule-based computerised trading signals. While the portfolio managers retain trading discretion, under normal market conditions, the strategy trades solely according to such systematic signals.

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

### Dr. Yves Balcer – Founding Partner and Portfolio Manager

Dr. Yves Balcer has been a principal of FORT since its inception in 1993. From 1985 to 1987 and from 1988 to 1992, he was a Senior Manager of Investment at the World Bank. During his last two years at the World Bank, Dr. Balcer directed the research and implementation of system-based trading strategies in global bond markets. Prior to that, he served as Senior Manager for the North American, European, and Asian portfolios, where he managed professional traders overseeing a multi-billion dollar portfolio in fixed income assets. From 1977 to 1985, he was a tenured associate professor of economics at the University of Wisconsin. Dr. Balcer has published more than twenty-five articles on finance and economics in professional journals. He holds a PhD in Economics and Finance from Massachusetts Institute of Technology, a PhD in Operations Research, a Master of Science in Statistics from Stanford University, and a Master of Science in Mathematics from the Université de Montréal.

### Dr. Sanjiv Kumar – Founding Partner and Portfolio Manager

Dr. Sanjiv Kumar has been a principal of FORT since its inception in 1993. From 1987 to 1992, he was a Senior Manager of Investment at the World Bank. During his tenure at the World Bank, Dr. Kumar managed large fixed income portfolios in all the major currencies. At the time of his departure, Dr. Kumar was responsible for investing a multi-billion dollar portfolio in US and Canadian dollar securities. From 1985 to 1986, Dr. Kumar was a Vice President of Free Market Inc., a Chicago-based economic and financial advisory firm for institutional money managers. Dr. Kumar has a PhD in Economics from the University of Chicago and a Bachelor of Arts in Mathematics from the University of Delhi.

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



# 1. FORT Global Trend Fund

## Investment management agreement between Macquarie and FORT

The rights and obligations of each of Macquarie and FORT are set out in an investment management agreement between the parties 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 FORT, Macquarie may terminate the appointment of FORT as the investment manager of the Significant Underlying Fund in the following circumstances:

- three months' written notice to FORT, and
- upon the occurrence of certain 'default' events including, but not limited to, a change of control of FORT, liquidation or insolvency of FORT, FORT no longer being capable of providing the services under the investment management agreement, a key person event or a material breach of the agreement that has not been remedied within 15 Business Days of us asking FORT to do so.

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

The key service providers to the Significant Underlying Fund are:

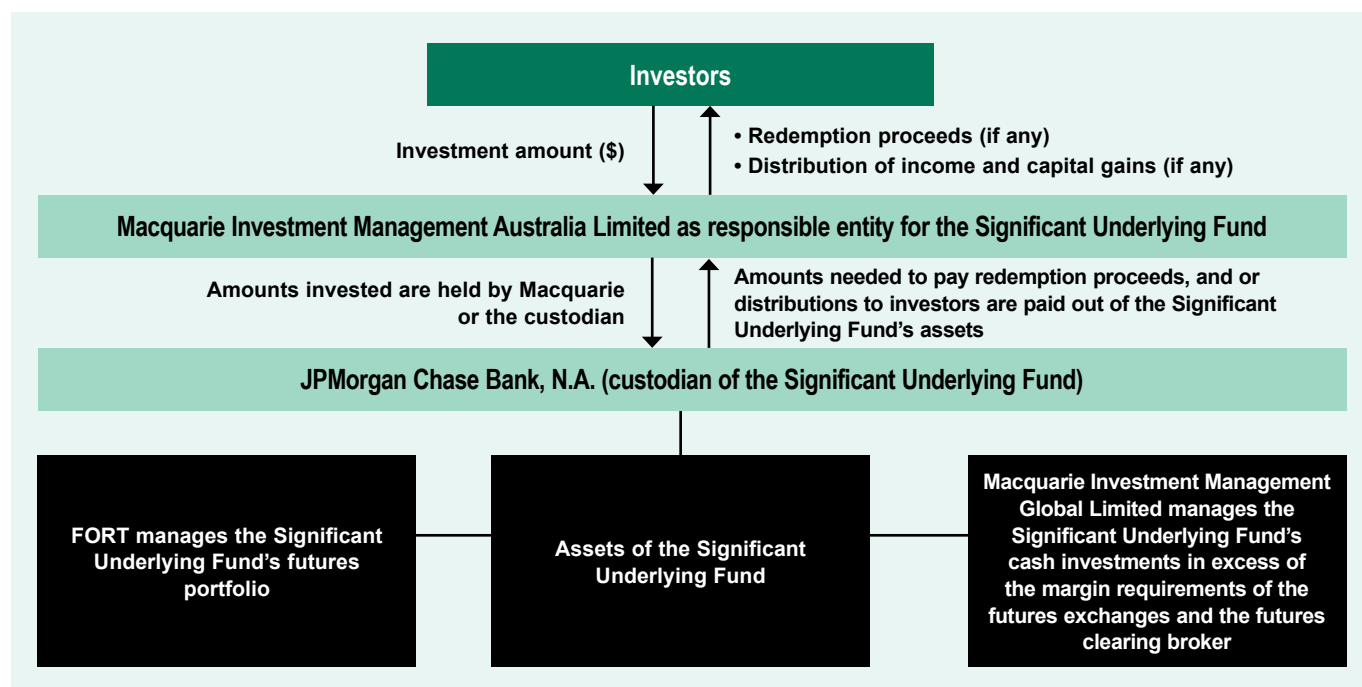
- FORT, L.P., the investment manager of the Significant Underlying Fund
- Macquarie Investment Management Global Limited, the cash manager of the Significant Underlying Fund

- JPMorgan Chase Bank, N.A. (**JPM**), the custodian and fund accounting services provider to the Significant Underlying Fund, and
- Ernst & Young Australia, the auditor of the Significant Underlying Fund.

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

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

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





## Disclosure Principle 4: Valuation, location and custody of assets

The Significant 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 funds are valued using their most recent net asset value price and cash is valued at its face value plus accrued interest.

The Significant Underlying Fund's assets are held in the name of Macquarie as the responsible entity of the Significant Underlying Fund. JPM is the custodian of the Significant Underlying Fund. However, as the Significant Underlying Fund's assets are held in the name of Macquarie, JPM's role is limited to providing services to the Significant Underlying Fund in relation to some of the cash held by the Significant Underlying Fund for day-to-day operational purposes (which is generally a small percentage of the Significant Underlying Fund's total cash holdings).



Refer to Disclosure Principle 1 above for information on the location of the assets of the Significant 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 Significant Underlying Fund's assets, at the value ascribed to those assets in calculating the Significant Underlying Fund's net asset value, within ten days.

## Disclosure Principle 6: Leverage

The Significant Underlying Fund uses leverage, which is inherent in the derivatives to which the Significant Underlying Fund is exposed, 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 Significant Underlying Fund, therefore, may have gross market exposure (on a look-through basis) in excess of 100% of the net asset value of the Significant Underlying Fund. While the use of leverage may increase the potential return on an investment in the Significant Underlying Fund, it also increases the level of risk and may also result in substantial losses being incurred by the Significant Underlying Fund.

The Significant Underlying Fund does not have any specific leverage (gross exposure) restrictions and does not have a maximum allowed level of leverage. As at the date of this Supplement, the maximum anticipated level of leverage, with fixed income exposures adjusted to a 10-year equivalent duration, is 650% of the net asset value of the Significant Underlying Fund. The Significant Underlying Fund's maximum anticipated level of leverage may change from time to time and we may not provide investors with notice of such a change.

## Assets used as collateral

The initial margin and variation margin is collateral to cover the risk of default on the derivatives contract. If the Significant Underlying Fund's margin account goes below a certain value, then a margin call is made and the Significant Underlying Fund must replenish the margin account. Calls for margin are expected to be paid on the same day. If not, the clearing broker, exchange or counterparty (as relevant) may terminate such derivatives contracts. Cash deposited as margin with the clearing broker, exchange or counterparty (as relevant) may be encumbered or exposed to set off rights in certain circumstances.

For example, a counterparty may have rights to such collateral where an event of default occurs in relation to trading undertaken on behalf of the Significant 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 is key to the investment strategy of the Significant Underlying Fund. The Significant 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 Significant Underlying Fund's derivatives counterparties must, in FORT's reasonable opinion, 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 Significant Underlying Fund may have exposure to short derivatives positions although it does not engage in short-selling physical assets. In taking short positions, the Significant Underlying Fund bears the risk of an increase in price of the underlying asset over which the short position is taken. The key difference between a long position and a short position is that a short position involves an unlimited risk of an increase in the market price of the asset underlying the short position. Such an increase could lead to a substantial loss.



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

## 2. P/E Global FX Alpha Fund

### Benchmarks

#### Valuation of non-exchange traded assets

This benchmark addresses whether valuations of the Significant Underlying Fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider. This benchmark is not relevant to the Significant Underlying Fund as all of its assets are either exchanged traded or cash.

### Periodic reporting

This benchmark addresses whether the responsible entity of the Significant 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 Significant Underlying Fund, and whether each meets the benchmark.

### Disclosure Principle 1: Investment strategy

#### Investment strategy and typical asset classes

The Significant Underlying Fund aims to generate long-term total returns by investing in exchange-traded futures providing exposure to currencies and gold. The Significant Underlying Fund holds both long and short positions in futures. The Significant Underlying Fund also holds cash and cash equivalents.

P/E Global's investment process combines new and existing information in an adaptive framework to predict future currency and gold price movements. The strategy is based on P/E Global's belief that:

- fundamental factors drive currency exchange rates and gold prices
- the importance of each factor varies over time, and
- statistical analysis can provide an adaptive framework for understanding price movements in these markets.

P/E Global's investment process involves the use of a disciplined and dynamic quantitative model to determine the positions held by the Significant Underlying Fund. The model relies on statistical analysis to forecast returns and volatilities for each position based on underlying fundamental factors identified by P/E Global. P/E Global defines fundamental factors as economic inputs which they believe drive price movements over time. These factors may include but are not limited to interest rates, inflation, credit spreads, and capital flows.



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

#### Currency denomination and location of the assets

The Significant Underlying Fund may invest in any futures market globally and may have exposure to gold and/or any developed market currency or emerging market currency selected by P/E Global and approved by Macquarie. The futures held by the Significant Underlying Fund may be located in any jurisdiction worldwide and denominated in any currency. The futures are generally not denominated in Australian dollars.

The cash holdings of the Significant 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 Significant Underlying Fund may be denominated any currency.

#### 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 investment process and the strength of the quantitative model. The Significant Underlying Fund is also likely to perform better in markets that have minimal intervention from central banks and governments. There is no guarantee that the Significant Underlying Fund will achieve its performance objectives, or produce returns that are positive or compare favourably against its peers.

#### Investment limits and guidelines

The Significant Underlying Fund invests in currency and gold futures. The Significant Underlying Fund also holds cash and cash equivalents.

The Significant Underlying Fund has indirect exposure to developed market currencies, emerging market currencies and gold through derivatives contracts.

There are no maximum or minimum percentage allocations to particular currencies or gold. The Significant Underlying Fund can have exposure to a concentrated number of positions. Generally, the fewer positions which the Significant Underlying Fund has exposure to, the greater the potential volatility of the Significant Underlying Fund. A concentrated portfolio may result in large movements in the unit price of the Significant Underlying Fund within a short period of time. The following limits apply to the Significant Underlying Fund's futures investments.

- The maximum gross market exposure of the futures contracts of the Significant Underlying Fund is 300% of the net asset value of the Significant Underlying Fund (or three times the Significant Underlying Fund's net asset value). There is no minimum gross market exposure to the futures contracts.
- A maximum of 10% of the Significant Underlying Fund's net asset value will be committed as initial margin at any time.

The Significant 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 Significant Underlying Fund. The margin is held with the futures clearing broker or futures exchange.

These guidelines may change from time to time.

### Risk management processes employed by P/E Global

P/E Global manages the futures exposure of the Significant 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 Significant 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 Significant Underlying Fund, managing the cash investments held by the Significant 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 Significant Underlying Fund and will devote as much time as P/E Global deems necessary or appropriate in order to manage the Significant 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 Significant Underlying Fund.

#### Investment management agreement between Macquarie and P/E Global

The rights and obligations of each of Macquarie and P/E Global 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 P/E Global, Macquarie may terminate the appointment of P/E Global as the investment manager of the Significant Underlying Fund in the following circumstances:

- three months' written notice to P/E Global, and
- upon the occurrence of certain 'default' events including, but not limited to, a change of control of P/E Global, liquidation or insolvency of P/E Global, P/E Global no longer being capable of providing the services under the investment management agreement, a key person event or a material breach of the agreement that has not been remedied within 15 days of us asking P/E Global to do so.

On termination, P/E Global 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.

## 2. P/E Global FX Alpha Fund

### Disclosure Principle 3: Fund structure

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

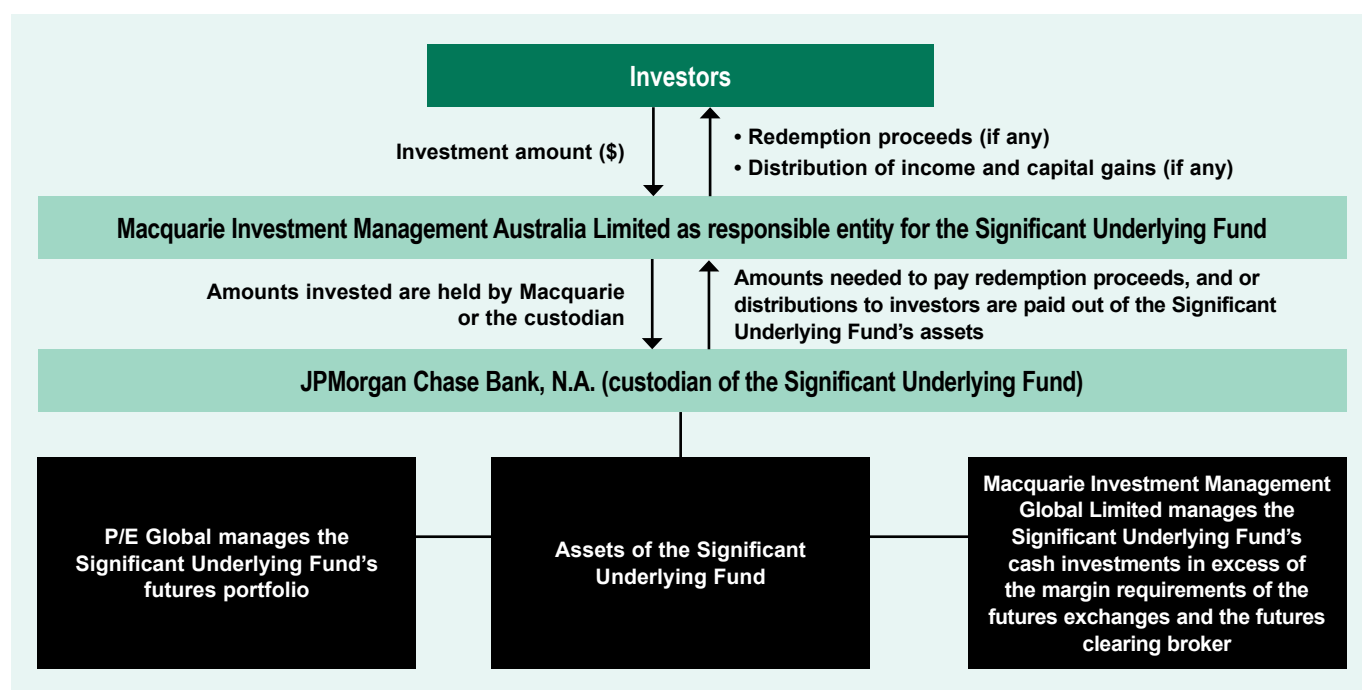
The key service providers to the Significant Underlying Fund are:

- the investment manager of the Significant Underlying Fund, P/E Global LLC
- the cash manager of the Significant Underlying Fund, Macquarie Investment Management Global Limited, a company incorporated under the laws of Australia
- the custodian of and fund accounting services provider to the Significant Underlying Fund, JPMorgan Chase Bank, N.A. (ABN 43 074 112 011, AFSL 238367) (**JPM**), a banking association organised under the law of the United States, and the auditor of the Significant Underlying Fund, Ernst & Young Australia.

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

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

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



### Disclosure Principle 4: Valuation, location and custody of assets

The Significant 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 Significant Underlying Fund's assets are held in the name of Macquarie as the responsible entity of the Fund. JPM is the custodian of the Significant Underlying Fund. However, as the Significant Underlying Fund's assets are held in the name of Macquarie, JPM's role is limited to providing services to the Significant Underlying Fund in relation to the cash that the Significant Underlying Fund holds for day-to-day operational purposes, which is generally a small percentage of the Significant Underlying Fund's total cash holdings.



Please refer to Disclosure Principle 1 above for information on the location of the assets of the Significant 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 Significant Underlying Fund's assets, at the value ascribed to those assets in calculating the Significant Underlying Fund's net asset value, within ten days.

### Disclosure Principle 6: Leverage

The Significant 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 Significant 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 Significant Underlying Fund. While the use of leverage may increase the potential return on an investment in the Significant Underlying Fund, it also increases the level of risk and may also result in substantial losses being incurred by the Significant Underlying Fund.

The maximum allowable leverage, or maximum gross market exposure, of the Significant Underlying Fund is three (3) times the net asset value of the Significant 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 Significant Underlying Fund's margin account goes below a certain value, then a margin call is made and the Significant 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 Significant 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 Significant Underlying Fund. The Significant 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 Significant 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 Significant Underlying Fund may hold short futures positions although it does not engage in short-selling physical assets. In taking short positions, the Significant 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).



### 3. Consents

#### **FORT, L.P.**

FORT has given its written consent to the statements about it and its employees and officers appearing in this Supplement in the form and context in which they appear (and has not withdrawn that consent before the date of this Supplement). This offering has not been approved or disapproved by the U.S. Securities and Exchange Commission (**SEC**), the securities commission of any state or territory within the United States, nor the U.S. Commodity Futures Trading Commission (**CFTC**). None of the SEC, the securities commission of any State or Territory within the United States and the CFTC has passed upon the accuracy or adequacy of this Supplement. Any representation to the contrary is a criminal offence within the United States. The Significant Underlying Fund has consented to being treated as an exempt account under applicable CFTC rules. PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THE INVESTMENT MANAGEMENT AGREEMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN ANY TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THE TRADING PROGRAM OF THE INVESTMENT MANAGER OR THE INVESTMENT MANAGEMENT AGREEMENT.

#### **P/E Global LLC**

P/E Global has given its written consent to the statements about it and its employees and officers appearing in this Supplement in the form and context in which they appear (and has not withdrawn that consent before the date of this Supplement). This offering has not been approved or disapproved by the U.S. Securities and Exchange Commission (**SEC**), the securities commission of any state or territory within the United States, nor the U.S. Commodity Futures Trading Commission (**CFTC**). None of the SEC, the securities commission of any State or Territory within the United States and the CFTC has passed upon the accuracy or adequacy of this Supplement. Any representation to the contrary is a criminal offence within the United States. The Fund has consented to being treated as an exempt account under applicable CFTC rules. PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THE INVESTMENT MANAGEMENT AGREEMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN ANY TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THE TRADING PROGRAM OF THE INVESTMENT MANAGER OR THE INVESTMENT MANAGEMENT AGREEMENT.





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