

**Macquarie Investment Management Australia Limited**

ABN 55 092 552 611

AFS Licence Number 238321

A Member of the Macquarie Group of Companies

1 Elizabeth Street  
SYDNEY NSW 2000  
PO Box R1723  
ROYAL EXCHANGE NSW 1225

Telephone  
Facsimile  
Website

1800 814 523  
(61 2) 8245 4900 (International)  
(02) 8232 4730  
macquarie.com

11 April 2025



MACQUARIE

Dear Investor

**Macquarie True Index Emerging Markets Fund (ARSN 164 557 386, APIR code MAQ0837AU) (Fund) – Change to treatment of foreign capital gains tax liabilities**

Macquarie Investment Management Australia Limited (ABN 55 092 552 611, AFSL 238321) (**Macquarie**), as the responsible entity of the Fund, wishes to inform you of important changes to the Fund that will take effect from 12 May 2025 (**Effective Date**). The changes are summarised below.

**Background**

The Fund aims to provide investors with pre-tax performance that equals the performance of the MSCI Emerging Markets ex-Tobacco ex-Controversial Weapons Net Dividends Reinvested in AUD Index (**Index**), which is known as ‘**True Indexing**’.

Some emerging market countries in which the Fund invests, such as India, impose capital gains tax (**CGT**) arising from the trading of investments on non-resident investors, which, in this case, is the Fund. As the Fund uses a True Indexing approach and the Index does not account for foreign CGT, any reduction in the Fund’s unit price and performance resulting from the CGT payable by the Fund on its capital gains has historically been borne by the counterparty to the True Index Swap for the Fund, rather than investors.

To address this issue historically, in addition to the other transaction costs incurred by the Fund in connection with a redemption, the Fund’s sell spread has included an estimate of the foreign CGT charged to the Fund in connection with a redemption and resulting sale of Fund assets. The sell spread seeks to ensure that the estimated transaction costs (including foreign CGT) associated with a redemption are borne by the investor redeeming the units.

Over recent years, as the Indian market has continued to grow, the Fund’s foreign CGT liability has become more material, which has caused the Fund’s sell spread to increase to as much as 0.149%. This has limited the appeal of the Fund to new investment and created potential equity issues for new unitholders.

Going forward, we have reviewed the Fund’s treatment of foreign CGT liabilities and will make the changes outlined below from the Effective Date. These changes are intended to improve equity between unitholders, provide a more durable and dynamic method for passing on the Fund’s foreign CGT liability to unitholders and reduce the sell spread to a standard transaction cost-based rate.

Macquarie Investment Management Australia Limited (MIMAL) is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and MIMAL’s obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (Macquarie Bank). Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of MIMAL. In addition, if this document relates to an investment, (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 entity 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.

## Changes to how foreign CGT liabilities will be treated from the Effective Date

We will:

- include a provision in the Fund's accounts to account for the foreign CGT (estimated and actual) payable by the Fund on its realised and unrealised gains (**CGT Liability**), and
- introduce a mechanism into the Fund's True Index Swap that adjusts the return paid to the Fund under the True Index Swap, where there is an increase or decrease in the CGT Liability.

The adjustment mechanism will mean that the Fund will aim to deliver pre-tax performance that equals the performance of the Index less or plus any increase or decrease in the Fund's CGT Liability, respectively, with the adjustment occurring on a periodic basis. The result is that, if the Fund's CGT Liability:

- increases, the Fund return will be the Index return less the increase, and
- decreases, the Fund return will be the Index return plus the decrease.

In order to build the initial CGT Liability amount, there will be a one-off reduction in the Fund's net asset value unit price and performance return on the Effective Date by the amount of the initial CGT Liability amount. As an indication, the estimated CGT Liability, at 28 February 2025, was 0.79% of the net asset value of the Fund. However, please note that the CGT Liability will be re-estimated on the Effective Date and so, the actual impact to the Fund's unit price and performance return on the Effective Date may differ. There will be no material change to the Fund's redemption price on the Effective Date compared to what it would have been without the changes. This is because the decrease in the Fund's net asset value unit price should be largely offset by the decrease in the sell spread.

As a result of the above, the following changes will also take effect from the Effective Date:

### 1. *Change in investment objective*

<b>Prior to Effective Date</b>	<b>From Effective Date</b>
The Fund provides exposure to the performance of the MSCI Emerging Markets ex-Tobacco ex-Controversial Weapons <sup>1</sup> Net Dividends Reinvested in AUD Index ( <b>Index</b> ) and is designed to generate a pre-tax performance equal to the Index performance ( <b>True Indexing</b> ).	The Fund provides exposure to the performance of the MSCI Emerging Markets ex-Tobacco ex-Controversial Weapons <sup>1</sup> Net Dividends Reinvested in AUD Index ( <b>Index</b> ) and is designed to generate a pre-tax performance equal to the Index performance ( <b>True Indexing</b> ). The performance of the Fund is less foreign CGT (estimated and actual) payable by the Fund on unrealised and realised gains.

### 2. *Reduction in sell spread as it will no longer include an estimate of the foreign capital gains tax charged to the Fund in connection with a redemption*

<b>Prior to Effective Date</b>	<b>From Effective Date</b>
1.07% subtracted from the net asset value unit price on redemption.	0.31% subtracted from the net asset value unit price on redemption.

### 3. *Reinvestment of distributions no longer compulsory*

Up until now, the reinvestment of distributions was compulsory to allow the Fund to apply a reinvestment spread to units issued on reinvestment to recoup foreign CGT paid by the Fund. However, this mechanism has never been used and will be replaced by the new process described above.

This means that you are now able to elect to have your distributions paid directly into a nominated Australian financial institution account. If you would like to change your distribution method, please complete the 'Change of details' form available at [macquarie.com/mam/change-details](https://macquarie.com/mam/change-details) or you can do this through our online portal if you have elevated your access.

**More information**

Further detail on the new process is set out in the updated product disclosure statement (**PDS**) for the Fund, dated 12 May 2025, and the Information Booklet, available at [macquarie.com/mam/pds](https://macquarie.com/mam/pds) or by contacting us.

Please contact Macquarie Asset Management Client Service on 1800 814 523 (within Australia), or (61 2) 8245 4900, or email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) if you have any questions about the changes or would like further information about the Fund.

Yours sincerely

A handwritten signature in grey ink, appearing to read 'C. Qvale', with a long horizontal flourish extending to the right.

**Christina Qvale**

Head of Adviser and Investor Services  
Macquarie Asset Management