

Winton Global Alpha Fund

PDS Update

Dated 1 July 2017

ARSN 124 282 971

APIR code MAQ0482AU



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 Product Disclosure Statement Update, dated 1 July 2017 (**PDS Update**) updates information in the Product Disclosure Statement for the Fund dated 1 December 2016 (**PDS**). The PDS and this PDS Update should be read together.

With effect from 1 July 2017, the management and performances fees that are payable for your investment in the Fund will be reduced as noted in the table below.

Current	Effective from 1 July 2017
Management fee	
1.88% pa of the net asset value of the Fund (inclusive of the net impact of GST).	1.78% pa of the net asset value of the Fund (inclusive of the net impact of GST).
Performance fee	
20.5% (inclusive of the net impact of GST) of the dollar value of the net profit (if any) from futures trading, provided that any carried forward losses from futures trading have been made up.	16.4% (inclusive of the net impact of GST) of the dollar value of the net profit (if any) from futures trading, provided that any carried forward losses from futures trading have been made up.

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

On page 3 of the PDS, the 'Management fee' and 'Performance fee' rows in the table entitled 'Other key features of the Fund' will be replaced with the following:

Management fee	1.78% pa of the Fund's net asset value (inclusive of the net impact of GST). Under the terms of the investment management agreements, Macquarie will pay a portion of the management fee that it receives to Winton and the Cash Manager.
Performance fee	16.4% (inclusive of the net impact of GST) of the dollar value of the net profit (if any) from futures trading, provided that any carried forward losses from futures trading have been made up. The performance fee is payable to Winton.

In Section 4 of the PDS, the following changes will be made:

a. Section 4.1 on page 16 will be replaced with:

Did you know?

Small differences in both investment performance and fees and costs can have substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask Macquarie or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

4.1 Fees and other costs

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, the returns on your investment or from the Fund's assets as a whole. Information on how managed investment schemes are taxed is set out in Section 5 of this PDS. You should read all of the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund¹		
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	The management costs of the Fund consist of:	
	Management fee 1.78% pa of the net asset value of the Fund.	The management fee: <ul style="list-style-type: none"> accrues daily and is payable monthly, and is deducted from the Fund's assets and reflected in the Fund's unit price.
	Performance fee 16.4% of the dollar value of net profit (if any) from futures trading, provided that any carried forward losses from futures trading have been made up. Refer to Section 4.2.2. for more information and a worked dollar example.	The performance fee: <ul style="list-style-type: none"> accrues daily and is payable quarterly in arrears, and is deducted from the Fund's assets and reflected in the Fund's unit price.
	Administrative expenses² Currently nil.	The constitution of the Fund allows all properly incurred expenses to be recovered directly from the Fund. Expenses are generally paid when incurred.
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. See Section 4.2 for more information.

² Abnormal expenses (if any) will generally be paid by Macquarie out of the management fee. Transaction costs will generally be paid by the Fund. See Section 4.2.3 for more information.

b. In Section 4.1, 'Example of annual fees and costs of the Fund' on page 17 will be replaced with:

Example of annual fees and costs of the Fund

The table below gives an example of how the fees and costs for this Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

The example assumes an account balance of \$50,000 invested in the Fund with no variation in the value of your investment over this period. In practice, the actual fees we charge are generally based on the value of your investment which may vary. This example also assumes that the additional \$5,000 contribution occurs at the end of the relevant period (that is, no management fees are incurred in connection with the additional investment amount).

Example		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution fees ¹	Nil	For every additional \$5,000 you put in, you will not be charged any contribution fee.
PLUS management costs comprising:	2.294% pa ²	And, for every \$50,000 you have in the Fund, you will be charged \$1,147⁴ each year comprising:
<i>Management fee</i> ³	1.780% pa	\$890
<i>Performance fee</i> ⁴	0.514% pa	\$257
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 \$1,147⁵ . What it costs you will depend on the fees you may be able to negotiate.

1 You may also incur a buy/sell spread when your money moves in or out of the Fund. Refer to Section 4.2.5 of this PDS for more information.

2 Management costs are calculated using the estimate of the 'indirect cost ratio' for the Fund. This estimate is based on the current management fee of 1.78% pa and the performance fee for the financial year ended 30 June 2016. The 'indirect cost ratio' refers to the management costs that were not paid directly out of your account (for example management fees and performance fees) but are paid from the Fund's assets expressed as a percentage of the average net asset value of the Fund. It is not a forecast of the amount of the total management costs in the future. Past performance is not a reliable indicator of future performance.

3 The management fee was 1.88% pa prior to 1 July 2017.

4 The performance fee is an example only. It shows the actual performance fee as a percentage of the Fund's total average net assets based on the performance of the futures portfolio of the Fund for the financial year ended 30 June 2016. The performance of the futures portfolio of the Fund, and the performance fee, may be higher or lower or not payable in the future. It is not a forecast of the performance of the Fund or the amount of the performance fee in the future. The actual performance fee and therefore the overall management costs may differ from the figure shown in the table. For more information on the performance history of the Fund, contact Client Service. Past performance is not a reliable indicator of future performance. Refer to Section 4.2 of this PDS for more information.

5 The calculation of the management costs in the example does not take into account the additional contribution amount. Additional fees may apply, as well as the abnormal expense recovery. Refer to Section 4.2 below for more information.

c. In Section 4.2.2, the boxed calculation using the formula on page 17 will be replaced with:

16.4% x (futures trading profits less any adjusted carried forward losses)

d. In Section 4.2.2, the simplified example on page 18 will be replaced with:

The following is a simplified example that excludes the effect of cash interest, buy/sell spreads and management fees in order to illustrate aspects of the performance fee. This example is illustrative only and the actual performance of the Fund may differ from that set out below. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund.

It is not possible to reliably estimate the actual performance fee payable in any given period, as we cannot accurately forecast what the performance of the Fund will be.

Example

Assume that the first investor in the Fund contributes \$10 million and receives 10 million units at a price of \$1. In the first quarter of trading, Winton generates trading losses of \$1 million and this becomes an adjusted carried forward loss. At the end of the quarter, a second investor contributes \$9 million at \$0.90 per unit (the current net asset value per unit). The size of the Fund is now \$18 million and there are 20 million units on issue.

In the following quarter, Winton generates futures trading profits of \$1.2 million. At the end of the quarter, Winton is entitled to a performance fee of:

$16.4\% \times (\$1.2 \text{ million} - \$1.0 \text{ million}) = \$32,800$ (inclusive of GST)

The net asset value of the Fund is now approximately \$0.96 per unit. Therefore, the first investor would have experienced a fall in net asset value despite the fact Winton had earned a performance fee.

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This Product Disclosure Statement Update, dated 1 July 2017 (**PDS Update**) updates information in the product disclosure statement (**PDS**) for each fund as listed in the table below (**Funds**). Each PDS and this PDS Update should be read together.

Fund name	ARSN	APIR code	PDS issue date
IPM Global Macro Fund	617 257 717	MAQ8243AU	11/04/2017
Macquarie Asian Alpha Fund	117 946 219	MAQ0625AU	1/07/2014
Macquarie Australia Plus Fund	115 231 091	MAQ0425AU	9/12/2016
Macquarie Pure Alpha Fund	133 267 204	MAQ8444AU	20/02/2017
P/E Global FX Strategy Fund	617 261 186	MAQ5143AU	31/03/2017
Winton Global Alpha Fund	124 282 971	MAQ0482AU	1/12/2016

The sub-section entitled 'Income tax' in the 'Tax position of the Funds' section in Section 5 is replaced with the following:

Income tax

From 1 July 2017, the Fund will elect into the Attribution Managed Investment Trust (**AMIT**) regime where it is eligible to do so. Under the AMIT regime, investors will be attributed amounts of income on a fair and reasonable basis for each relevant financial year. Where the AMIT regime applies to the Fund, the Fund should not be liable for Australian income tax under present income tax legislation.

The AMIT regime is designed specifically for managed funds to provide certainty and flexibility to managed funds and their investors. The AMIT regime also seeks to codify longstanding managed fund industry practice.

Under the AMIT rules:

- The Fund will be deemed to be a 'fixed trust' for taxation law purposes.
- The Fund has the ability to treat classes of units as separate for the purposes of the AMIT rules.
- The Fund may make year-on-year adjustments to reflect under-or-over distributions of the Fund's income ('under and overs').

Investors may increase or decrease the cost base of their units to avoid the potential for double taxation.

While investors will be attributed income under the AMIT regime, this should not fundamentally change the way investors are taxed. Consistent with the previous trust taxation regime:

- Australian residents will include their share of the Fund's income in their income tax return, and
- non-residents will have withholding tax deducted from distributions they receive from the Fund.

If the Fund does not elect into the AMIT regime, investors in the Fund will be presently entitled to the entire amount of the income of the Fund (including any capital gains) for each relevant financial year and will be assessed for tax on their share of the net income of the Fund (including any capital gains) for a financial year. If a Fund incurs a tax loss in a financial year, there will be no distributable income for that year and the tax loss may be carried forward to be utilised in subsequent financial years (subject to the loss carry forward rules).

Please contact Client Service if you would like confirmation if the Fund has elected into the AMIT regime.

The final three paragraphs of the sub-section entitled ‘Capital Gains Tax (CGT)’ in the ‘Tax position of resident investors’ section in Section 5 is replaced with the following:

Where the AMIT regime applies to the Fund, the capital gains or income arising from securities sold to meet a significant redemption will be distributed to the redeeming investor on a fair and reasonable basis. Significant redemptions will generally be those where an investor’s total redemptions in the one financial year are 5% or more of the Fund’s net asset value but may be lower where we believe it is fair and reasonable in the circumstances.

Where the AMIT regime does not apply to the Fund or where otherwise permitted by law, capital gains or income arising from securities sold to meet a significant redemption can be distributed to the redeeming investor. Significant redemptions are those where an investor’s total redemptions in the one financial year are 5% or more of the Fund’s net asset value. In these circumstances the objective would be for remaining investors not to be affected by the capital gains resulting from a disposal of the assets where both the Fund and the redeeming investors make a capital gain in the relevant financial year. The 5% threshold may be varied by Macquarie with advance notice to investors.

The sub-section entitled ‘FATCA’ in Section 5 is replaced with the following:

Automatic Exchange of Financial Account Information

Foreign Account Tax Compliance Act and Common Reporting Standard

Australian legislation relating to the automatic exchange of financial account information between jurisdictions has been passed. This legislation gives effect to the United States of America Foreign Account Tax Compliance Act (**FATCA**) and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (**CRS**). These regimes cover the collection and reporting of information to tax authorities by financial institutions.

The Fund is a reporting Australian financial institution under the inter-governmental agreement entered into between the Australian and US governments in relation to FATCA effective from 1 July 2014. The Fund is also a reporting Australian financial institution under the CRS, which will apply from 1 July 2017. As such, the Fund will be required to comply with the registration, due diligence and reporting requirements of FATCA and CRS.

Accordingly, we may request that you provide certain information in order for the Fund to comply with their FATCA or CRS obligations. Depending on your status, for the purposes of FATCA and CRS, we may assess any information you provide to us and if required, report information in relation to you and your unit holding to the Australian Taxation Office (**ATO**). The ATO will, in turn, share such information with the US Internal Revenue Service or tax authorities of jurisdictions that have signed the ‘CRS Competent Authority Agreement’ on an annual basis.

How could the FATCA and CRS regulations affect you?

By applying for units in the Fund, you:

- agree to promptly provide us or our service providers with any information we may request from you from time to time
- agree to promptly notify us of any change to the information you have previously provided to us or our service providers
- consent to us disclosing any information we have in compliance with our obligations under FATCA and CRS
- consent to us disclosing any information we have if your units are held by or for the benefit of, or controlled indirectly by, specified US person(s) (in the context of FATCA) or foreign tax resident(s) (in the context of CRS), including disclosing information to the ATO, which may in turn report that information to the US Internal Revenue Service or other foreign tax authority, and
- waive any provision of domestic or foreign law that would, absent a waiver, prevent us from complying with our obligations under FATCA and CRS.

Failure to comply with our obligations under FATCA and CRS could result in the Fund being subject to a 30% US withholding tax on payments of US income or gross proceeds from the sale of particular US securities (in relation to FATCA only) and administrative penalties under Australian taxation law.

It is important to note that:

- although the Fund may take steps to manage the imposition of any withholding tax or penalties, no assurance can be given that the Fund will be successful, and
- if you fail to provide us with any information requested by us, and we become subject to such withholding tax or penalties, we may seek to recover such amount from you.

For further information in relation to how our due diligence and reporting obligations under FATCA and CRS may affect you, please consult your tax adviser.

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Dated 29 May 2017

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The PDS is amended as follows to reflect that you may be able to select to make your initial investment amount by direct debit.

The first and second paragraphs in ‘How to invest and access your money’ in Section 6.1 is replaced with the following:

You can apply to make an initial investment in the Fund by completing the application form accompanying this PDS (**Application Form**). Unless we agree otherwise, where we receive an Application Form (including the required identification documentation) completed to our satisfaction, and cleared funds before the Application Cut-off, investors will generally receive the application price calculated as at the close of business on that day. Unless we agree otherwise, if we receive an Application Form (including the required identification documentation) completed to our satisfaction, and cleared funds on a Business Day but after the Application Cut-off, or on a non-Business Day, we will generally treat the application as having been received before the Application Cut-off on the next Business Day. Generally, applications made by direct debit may take up to three Business Days before the amount is invested.

The first paragraph in ‘Paying your investment amount’ in Section 6.1 is replaced with the following:

Payment of the initial and any additional investment amounts can be made by:

- bank transfer
- Real Time Gross Settlement (**RTGS**)
- cheque
- direct debit (for initial investment amounts only), and
- such other method approved by us.