

PR 2015/3A1 - Addendum - Income tax: deductibility of interest in relation to investment in units in the Macquarie Flexi 100 Trust issued on or before 30 June 2018 - Flexi Professional

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Addendum

Product Ruling

Income tax: deductibility of interest in relation to investment in units in the Macquarie Flexi 100 Trust issued on or before 30 June 2018 – Flexi Professional

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Product Ruling PR 2015/3 to incorporate the Supplementary Information Memorandum dated 29 May 2017.

PR 2015/3 is amended as follows:

1. Paragraph 2

Omit the first sentence; substitute 'In this Product Ruling the scheme is an investment in the Macquarie Flexi 100 Trust (the Fund) using a limited recourse loan (Investment Loan) made by Macquarie Specialist Investments Lending Limited (the Loan Provider) and, if applicable, the grant of put options (the Put Options) over the investment by the Loan Provider.'

2. Paragraph 16

Omit the second bullet point; substitute:

- **Macquarie Flexi Professional Information Memorandum** dated 3 April 2015 and **Supplementary Information Memorandum** dated 29 May 2017 for the Macquarie Flexi 100 Trust prepared by Macquarie Financial Products Management Limited as responsible entity (Responsible Entity or RE)

3. Subparagraph 19(e)

Omit the table; substitute:

Reference Asset	Description
Asian Equity Basket	Weighted basket of stock market indices or index tracking funds, including some or all of the Hang Seng H-Share Index ETF, Tracker Fund of Hong Kong, MSCI Taiwan Index, KOSPI 200 Index and MSCI Singapore Index
Australian Equity	The S&P/ASX 200 Index

PR 2015/3

Reference Asset	Description
Australian Equity Focus Basket	A weighted basket comprising at least 2 ASX-listed shares with large market capitalisation
Australian Listed Securities	A basket comprising one or more securities listed on the ASX
Best-of Basket	The best performing of two baskets: the ASX Tilt Basket and the Bond Fund Tilt Basket
Bond Fund Tilt Basket	A fixed basket providing exposure to the PIMCO GIS Total Return Bond Fund (60%), S&P/ASX 200 Index (20%) and Winton Global Alpha Fund (20%)
Bond Fund Tilt (US) Basket	A fixed basket providing exposure to the PIMCO GIS Total Return Bond Fund (60%), S&P 500 Index (20%) and Winton Global Alpha Fund (20%)
Enhanced Australian Equity Focus Basket	A basket comprising a number of ASX-listed shares with large market capitalisation. The weight for each share within the basket will be determined at the Swap Valuation Date based on performance
European Equity Classes: EURO STOXX 50® Index	Provides a blue-chip representation of super sector leaders in the Eurozone. The index is a market capitalisation weighted index of 50 stocks from 12 Eurozone countries
Funds Basket	A fixed basket providing exposure to the PIMCO GIS Income Fund and Winton Global Alpha Fund
International Basket	A basket comprising the S&P 500 Index, the EURO STOXX 50 Index, the iShares Asia 50 ETF and the Winton Global Alpha Fund
International Listed Securities	A basket comprising one or more internationally-listed securities
International Low Volatility Basket	US and Eurozone-focused indices over equities with relatively low one year realised volatility, and a basket of indices and ETFs with exposure to equities in Hong Kong, Singapore, South Korea and Taiwan
US Equity	The S&P 500 Index
US Equity Focus Basket	A basket comprising at least 2 shares listed on US exchanges with large market capitalisation
US Low Volatility	The Barclays US Low Volatility Equity Index invests in US stocks with low volatility relative to other US stocks and aims to provide higher risk-adjusted returns than a broad equity index

4. Subparagraph 19(p)

Omit the word 'Closing'; substitute 'Final Investment'.

5. Subparagraph 19(u)

Omit the subparagraph; substitute:

- (u) Investors can exercise the 'Walk-Away' feature, if applicable, described in the Information Memorandum and the Loan and Put Option Agreement. This feature involves the ability of Investors to exercise the Put Options as described in paragraph 28 of this Ruling before the Maturity Date.

6. Paragraph 23

Omit the second bullet point; substitute:

- The interest rate is fixed for the prepaid interest period (which will be twelve months or less). The indicative interest rate for the first interest period will be available on the relevant Term Sheet. The actual interest rates will be determined by the Loan Provider on or around one week prior to the relevant Issue Date and, if different to the indicative interest rate, published on the Fund website. Where the Walk-Away feature does not apply, the actual interest rate will be less than the adjusted loan rate provided under subsection 247-20(5), and

7. Paragraph 28

Omit the paragraph; substitute:

28. The Loan and Put Option Agreement also sets out the terms of the grant of Put Options by the Loan Provider, if applicable. As consideration for this grant, an Investor promises to pay the Put Options Premium. If not exercised in accordance with this agreement, each Put Option automatically lapses on the relevant Put Option Exercise Date.

8. Paragraph 33

Omit the paragraph; substitute:

33. Where an Investor enters into an Investment Loan in order to acquire Units in the Fund, that Investor is wholly or partly protected against a fall in the market value of the acquired Units through the operation of Put Options, if applicable, that the Investor acquires under the Loan and Put Option Agreement.

9. Paragraph 36

Omit the first sentence, substitute 'Where an Investor takes out an Investment Loan, that Investor may be granted Put Options by the Loan Provider in consideration for the Investor's promise to pay the Put Option Premium pursuant to clause 1.4 of the Loan and Put Option Agreement in the Information Memorandum dated 3 April 2015.'

10. Paragraph 60

Omit the paragraph, substitute:

60. Where the Walk-Away feature applies, as the Loan and Put Option Agreement specifies more than one occasion on which the capital protection can be invoked, the income tax legislation applies as if there were a separate Put Option for each of those occasions, being each Put Option Exercise Date (subsection 247-25(1)).

This Addendum applies on and from 1 April 2015.

Commissioner of Taxation

14 June 2017

ATO references

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ATOlaw topic: Income tax ~~ Financial arrangements ~~ Other

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