

**MACQUARIE ASSET MANAGEMENT**

Macquarie Core Australian Bond Active ETF

A simple way to gain cost efficient, active access to Australia's bond market

The Macquarie Core Australian Bond Active ETF (ASX: MQFI) (Fund) provides a core fixed income allocation, with a compelling and investor-aligned fee structure. Bonds remain a vital component in portfolios, helping investors generate consistent and reliable income, while also providing resilience during market volatility.



Quality income

Designed to provide regular income from some of the highest quality bonds in the world



Diversification for portfolio defence

Offers diversification against equity market risk



Cost efficient access to active management

An attractive management fee, plus a performance fee only when we beat the index

Refer to the Product Disclosure Statement for further information on the fees and costs

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Macquarie Asset Management

Quality income

The Australian bond market is a deep and developed fixed income market, offering investors access to some of the highest quality bonds in the world. The Australian Commonwealth Government, the largest component of the market, has the highest possible credit rating globally of AAA, whilst the Australian major banks are also among the highest credit quality corporate issuers in the world. This provides a deep pool of dependable income opportunities for investors.

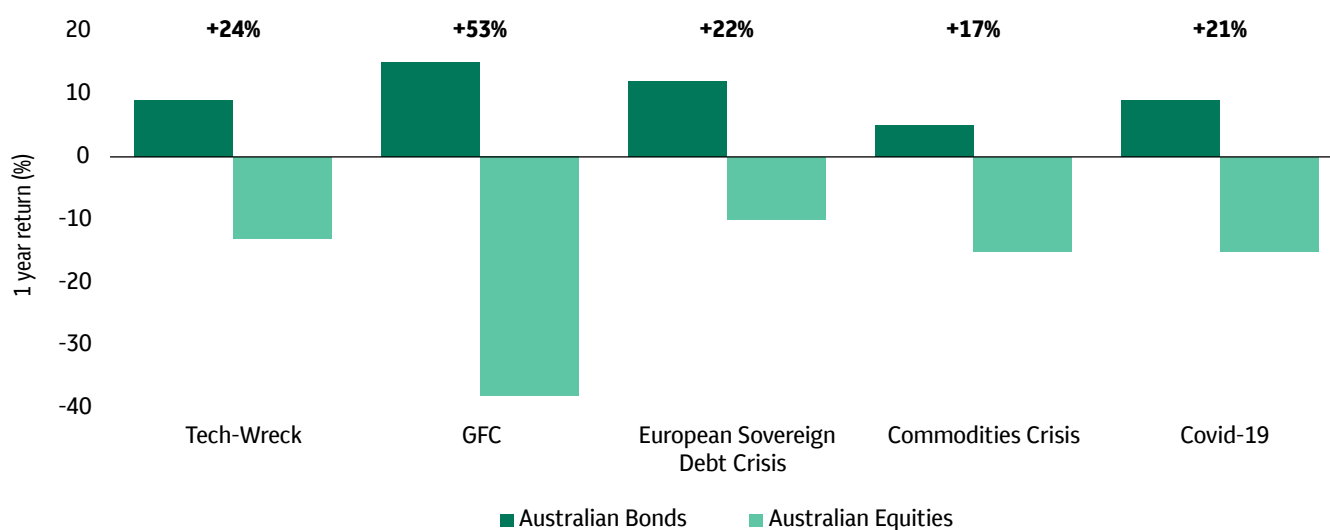
But when it comes to investing, not all income is created equal. The Fund is designed to deliver a reliable stream of quality income from an actively managed diversified portfolio of predominantly Australian government, semi-government and Australian dollar denominated credit securities. Due to our active approach, we are not reaching for yield at the expense of credit quality, as we focus on capturing attractive income from high-quality issuers - helping investors earn dependable income without unnecessary risk.

Diversification for portfolio defence

Investing in the Fund can help balance the risk of investing in equities, providing valuable diversification benefits during equity market downturns. This is because bonds have often historically had low to negative correlation to equities, meaning their performance patterns tend to either have no significant relationship or move in the opposite direction at the same time as equities.

The benefit of diversification when combined with low correlation can also be seen in the chart below, which highlights 12-month periods where the performance of Australian equities had fallen 10% or more, and the corresponding performance of Australian bonds. As illustrated in the chart, in large equity market downturns over the last 25 years, bonds have significantly outperformed equities.

Potential for diversification benefit against equity market risk during times of stress



Lowest 12 month returns for ASX/S&P 200 Index (Australian Equities) and the corresponding return of the Bloomberg AusBond Composite 0+ Yr Index (Australian Bonds). Tech-Wreck: 12 months ending Feb 2003. GFC: 12 months ending Nov 2008. European Sovereign Debt Crisis: 12 months ending Dec 2011. Commodity Crisis: 12 months ending Feb 2016. Covid-19: 12 months ending Mar 2020.

Past performance is not a reliable indicator of future performance and the performance of bonds may not necessarily offset the performance of equities in future years where equity returns are negative.

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Active management outperformance potential...

Passive fixed income strategies track indices that reward the most indebted issuers - the more a borrower issues, the larger its position becomes in the index. Active management takes a different approach, allocating deliberately across sectors, issuers and maturities based on where we see the best opportunities. For investors, this can provide a range of benefits when investing in fixed income markets such as enhanced risk management, the flexibility to respond to changing conditions, and the potential for returns that a passive strategy structurally cannot deliver.

... and cost efficient access

Investors have long faced a trade-off between the low fees of passive fixed income and the potential outperformance of active management. ASX:MQFI removes that trade-off. A management fee¹ of just 0.09% p.a. delivers cost efficient access to best-in-class active management, and a performance fee of 20% is payable only when active management delivers real value above what the index provides. This fee structure seeks to align the outcomes of the Fund with the success of the investor.

Macquarie's approach: many small bets, not one big one

Macquarie Asset Management is one of Australia's largest and most experienced active fixed income managers. Active management enables investors to benefit from a dedicated team of experts, researching and analysing each and every security in the portfolio. Our approach focuses on generating consistent long-term alpha above the Funds' benchmark throughout the market cycle.

The Fund is built on a deliberate philosophy of diversified alpha, rather than relying on a single large duration call or aggressive credit positioning. If one alpha source disappoints, the others can help balance the portfolio.

The Core Active ETFs at Macquarie Asset Management are designed to be portfolio building blocks and offer an enhanced outcome for investors by aiming to provide consistent active returns above the benchmark.

1. Other costs apply, which may vary year to year. See the Product Disclosure Statement for any indirect costs, expense recoveries, or underlying fund performance fees (if any).

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Target investors

The Target Market Determination (**TMD**), available at macquarie.com/mam/tmd, includes a description of the class of consumers for whom the Fund is likely to be consistent with their objectives, financial situation and needs.

Risks

All investments carry risk. Different investments carry different levels of risk, depending on the investment strategy and the underlying assets. Generally, the higher the potential return of an investment, the greater the risk. The risks of investing in the Fund include:

Investment risk: The Fund seeks to generate higher income returns than traditional cash investments. The risk of an investment in the Fund is higher than an investment in a bank account or term deposit. Amounts distributed to investors may fluctuate, as may the Fund's unit price, by material amounts over short periods.

Income securities risk: The Fund may have exposure to a range of income securities. The value of these securities may fall (for example: due to market volatility, interest rate movements, perceptions of credit quality, supply and demand pressures, a change to the reference rate used to set the value of interest payments, market sentiment or issuer default).

Credit risk: The value of the securities that the Fund has exposure to may be sensitive to changes in market perceptions of credit quality, both of individual issuers and of credit markets in general. Deteriorations in the market's perception of credit quality or a rating downgrade may negatively impact the value of such securities, and hence the Fund's NAV unit price. Credit ratings do not guarantee the credit quality of a security and may be re-assessed by rating agencies in a range of circumstances.

More information on the risks of investing in the Fund is contained in the Product Disclosure Statement, which should be considered before deciding to invest.

For more information, call us on 1800 814 523,
email mam.clientservice@macquarie.com or visit macquarie.com/mam

Important information

The Fund(s) mentioned above may have multiple classes of units on issue. A separate class of units is not a separate managed investment scheme.

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Past performance information is for illustrative purposes only and is not a reliable indicator of future performance. Current performance information for each publicly offered class of units in the Fund(s) is available on our website at macquarie.com/mam/performance-reports.

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