



# Capital Protected\* Exposure Australian Equities / Gold / Agriculture



Wholesale Investors Only

November 2006



Distributor and  
Asset  
Consultant:



Issuer:



\* Subject to Early Delivery or other early termination – see Product Booklet and Term Sheet for further details.



# Disclaimer

This document has been issued by 3HX Pty Ltd ACN 075 177 945 (we, us or 3HX). We hold Australian Financial Services Licence No. 294843 and 3HX takes responsibility for it. 3HX is a member of the Halliday group of companies (Halliday).

No member of Halliday other than 3HX makes any statement or representation in this document nor is responsible in any way for it. No Halliday company guarantees the repayment of any amount invested nor that you will receive back more than you invest.

This document is not an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this document outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this document comes should seek advice on and observe those restrictions.

If you received this document electronically we will provide a paper copy free if you ask us. This document can only be used by investors receiving it (electronically or otherwise) in Australia.

The Capital Protected Australian Equities / Gold / Agriculture Hybrid may involve a high degree of risk, and its value may be volatile. Such risks may include without limitation risk of adverse or unanticipated market developments, risk of counterparty or issuer default and risk of illiquidity. The Product Booklet does not disclose all the risks and other significant aspects in connection with the Capital Protected Australian Equities / Gold / Agriculture Hybrid, and investors should ensure that they fully understand the terms of the Capital Protected Australian Equities / Gold / Agriculture Hybrid, including the relevant risk factors and any legal, tax and accounting considerations applicable to them, prior to transacting.

Investment in the Capital Protected Australian Equities / Gold / Agriculture Hybrid is available only to wholesale clients as section 761G of the Corporations Act defines this.

Key terms and capitalized words are defined in the Glossary section of the Product Booklet.

This material may not be reproduced, distributed or transmitted to any other person or incorporated in any way into another document or other material without our prior written consent. Additional information is available upon request.

Copyright owned by 3HX Pty Ltd ACN 075 177 945 (© 3HX Pty Ltd 2005) - no part of this document or any document accompanying it may be reproduced in any manner without its prior written permission.





# Agenda

1. Product overview

2. Asset overview

- Australian equities

- Gold

- Agriculture

3. Structure overview

4. Historical performance of basket

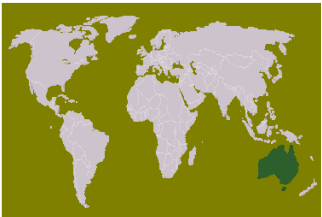
5. Structure features

- Market exposure

- Averaging feature

- Coupon feature

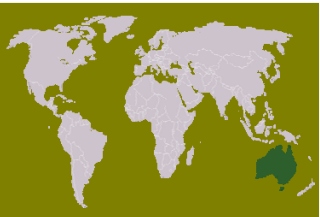
- Financing facility





# Product Overview

- Select opportunities currently exist for wholesale investors
- Often these opportunities have historically been difficult to access cost-efficiently
- Many benefits can be obtained by combining these assets within a tailored strategy
  - Correlation benefits within and across equity and commodity markets
  - Ability to smooth total portfolio returns by insulating against inflation and market volatility



## Tailored product asset allocation

Underlying Asset	Weighting
Australian Equities	60%
GSCI Gold Index	20%
GSCI Agriculture Index	20%



# Asset Overview

## Australian Equities

### Why invest in Australian equities now?

- Unprecedented surge in capital flows supports equity market performance
- Global indicators suggest soft landing for world economies
- Strong recent reports from major banks points to sustainable revenue growth and solid earnings outlook in the financial sector. Changes to superannuation contributing to strong inflows into financial products.
- While commodity prices are generally off their highs, activity levels in the resource sector remain strong. Ongoing constraint on the supply side and an expectation of improving demand is likely to provide support in the medium term.

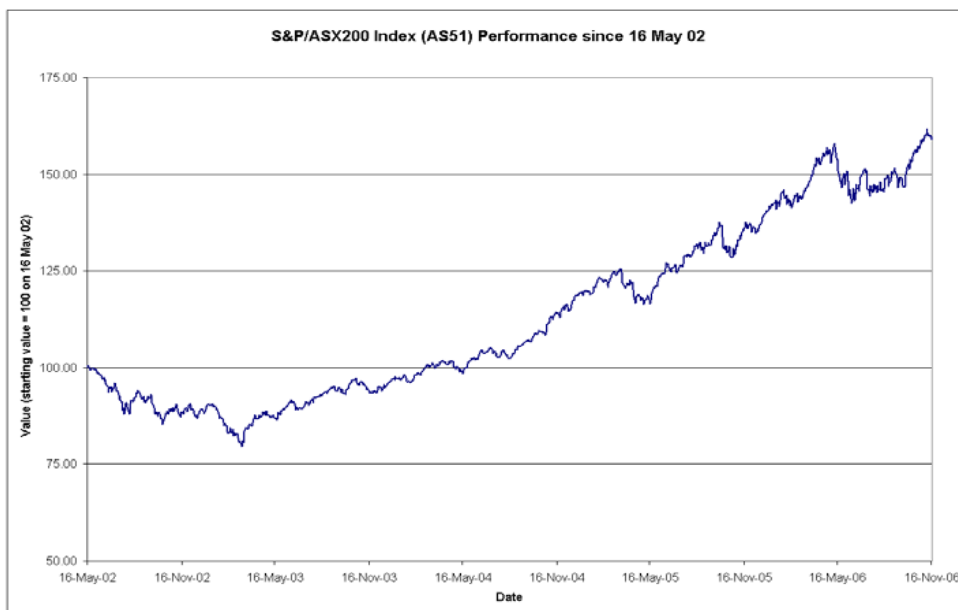




# Asset Overview

## Australian Equities, cont.

Composition of Equity Basket	Weighting
Financials	45.6%
Materials	21.0%
Industrial	8.5%
Staples	6.6%
Consumer Discretionary	5.5%
Energy	4.5%
Healthcare	3.4%
Telecoms	2.6%
Utilities	1.9%
Info Tech	0.5%

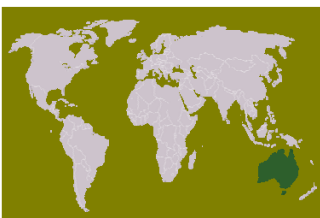


**Index Performance plots index price movements over the last 4.5 years**

Source: Bloomberg

Past performance is not a reliable indicator of future performance

Source: IRESS



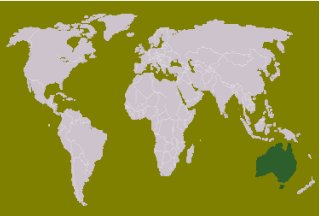


# Asset Overview

Gold

## Why invest in gold now?

- The eroding value of US dollar and further speculation the Federal Reserve won't increase interest rates in near future, boosts appeal of gold
- Metal inventory levels are expected to remain tight throughout 2007
- Strength of Chinese demand growth (20%+ this year) and the strength of demand in “non-traditional” consuming areas – the Middle East, Eastern Europe, Russia, India
- Combined with ongoing delays in project delivery, supply risk represents a short-term cycle within what remains a structurally sound longer term outlook
- Opportunity to benefit from recent pullback in Gold - since mid-May, gold has fallen 15 percent from USD563 an ounce





# Asset Overview

## Gold, cont.

### Goldman Sachs Gold Excess Return Index (GSCCGCER)

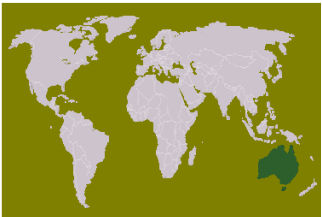
- The index tracks the price levels of the respective expiry months for Gold Futures Contracts traded on COMEX.
- **The GSCI Excess Return Index** reflects the GSCI Spot Index returns plus/minus any excess return resulting from the discount or premium an investor would receive by "rolling" the positions in the contracts forward to the nearby futures contract as they approach delivery.



**Index Performance plots index price movements over the last 4.5 years**

Source: Bloomberg

Past performance is not a reliable indicator of future performance





# Asset Overview

## Agriculture

### Why invest in agriculture now?

- Inventories for a broad range of soft commodities are chronically low
- The supply of corn is tight
- Supply is also constrained by competing demands for land, and increasing crop losses from greater incidence of storms and droughts due to climate change
- The exponential growth in the global population currently being observed will have demand pressure effects on soft commodities. This is expected to continue as growth in disposable income in developed & undeveloped nations grows
- The same situation in metals has seen prices rise to levels unimaginable two years ago, but soft commodity prices remain well below previous peaks



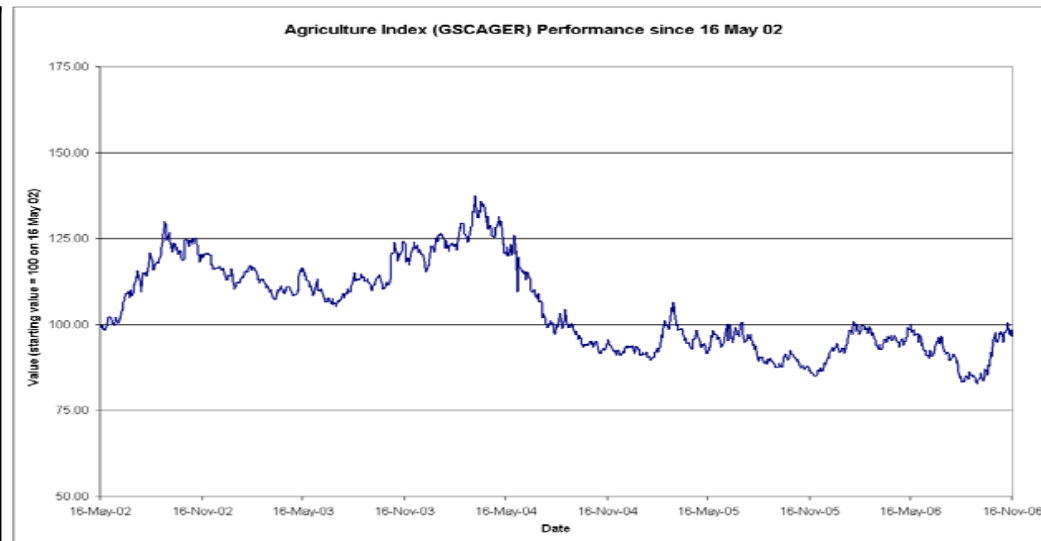


# Asset Overview

## Agriculture, cont.

### Goldman Sachs Agriculture Excess Return Index (GSCAGER)

Composition of Index	Weighting
Wheat	25.1%
Red Wheat	9.2%
Corn	28.0%
Soybeans	12.9%
Cotton	6.7%
Sugar	10.7%
Coffee	5.9%
Cocoa	1.5%



- The commodities included are weighted on a production basis to reflect the relative significance of such commodities to the world economy
- The index is designed as a measure of the performance over time of the markets for such commodities
- Composition and weightings as at 17 November 2006
- Source: GSCI

**Index Performance plots index price movements over the last 4.5 years**

Source: Bloomberg

Past performance is not a reliable indicator of future performance





# Structure Overview

## Australian Equities / Gold / Agriculture

The payoff on this hybrid combines capital protection at maturity with exposure to the growth in the hybrid basket:

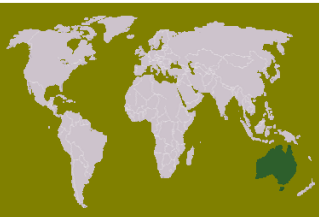
### 1. Protected Amount

- 100% capital protection at maturity by Macquarie Bank Ltd\*
- Macquarie Bank Ltd - S&P long term credit rating: A

### 2. Performance Amount

- Return on the Hybrid is linked to the performance of the underlying basket comprising Australian equities, gold and agriculture assets
- The Hybrid utilises a deferred purchase agreement
- Gains at maturity may attract CGT 50% discount when the Deliverable Parcel is sold (see Product Booklet for detailed explanation and refer disclaimer on page 2)

\* Subject to Early Delivery or other early termination – see Product Booklet and Term Sheet for further details





# Structure details

Features	
Exposure	Australian Equities, Gold, Agriculture Exposure
Offering Structure	Deferred purchase agreement
Participation rate	95 – 105%^
Currency hedging	Performance of basket hedged to AUD
Term	4.5 years
Protection	100% at maturity by Macquarie Bank Ltd**
Coupon	8%pa coupon if basket rises >20% each year cumulative over the four year term
Deliverable Parcel	Basket consisting of StreetTRACKS S&P/ASX 200 Fund (STW), Newcrest Mining Ltd (NCM) and Wesfarmers Ltd
Financing facility	(WES) Available up to 100% investment value*
Minimum investment	\$100,000 (wholesale investors only)

^ Participation rate will be finalised at the offer close date (15 Dec 06).

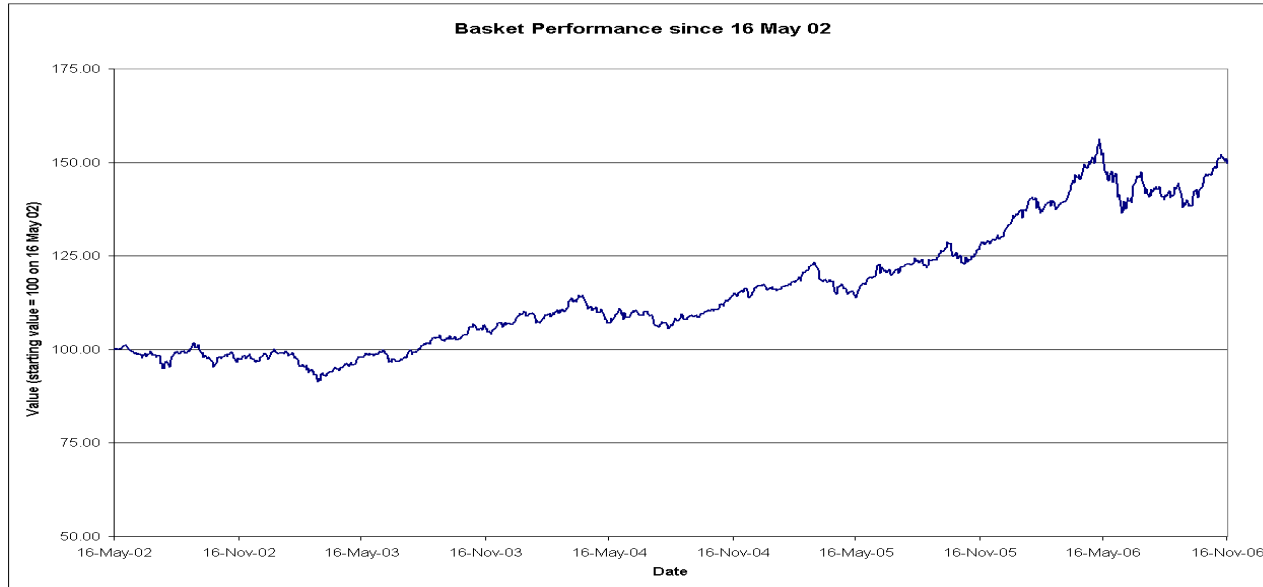
\* Subject to credit approval

\*\* Subject to Early Delivery or other early termination – see Product Booklet and Term Sheet for further details.





# Historical performance of basket



Index Performance just plots index price movements over the last 4.5 years

Source: Bloomberg

**Correlations - average 4.5 year correlations over the period Nov 96 - Nov 06**

	Basket	ASX200 Index	Gold Index	Agriculture Index	Global Bond Index
Basket	100.0%	95.8%	19.9%	22.3%	-4.0%
ASX200 Index		100.0%	2.9%	0.4%	-7.6%
Gold Index			100.0%	11.7%	22.3%
Agriculture Index				100.0%	1.3%
Global Bond Index					100.0%

ASX200 Index: S&P ASX200 Index (AS51)

Gold Index: Goldman Sachs Gold Excess Return Index (GSCGCER)

Agriculture Index: Goldman Sachs Agriculture Excess Return Index (GCCAGER)

Global Bond Index: JP Morgan Global Government Bond Broad US Index (JPMGBRUS)

Past performance is not a reliable indicator of future performance

Source: Bloomberg



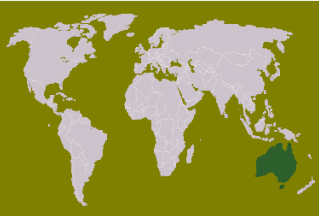


# Market exposure

→ Exposure to Australian Equity / Gold / Agriculture markets

→ Payoff is:

1. Protection amount 100%
2. Performance amount 95% – 105% participation in floored averaged performance.



## Example of Payoff:


Performance Amount*	Protection	Participation Rate	Payoff
0%	100%	100%	100%
20%	100%	100%	120%
50%	100%	100%	150%
70%	100%	100%	170%
100%	100%	100%	200%
150%	100%	100%	250%
200%	100%	100%	300%

\* Performance Amount based on floored average of basket over 4.5 Year Term



# Averaging feature

- Exposure is measured by using the average of the asset values at the end of each six months over the four and a half year term
- Any decrease in the closing price at the end of each six month period which is below the initial opening value is ignored and the asset's opening value is used instead
- Eg, the table below shows example asset values at the end of each semi-annual period over a 4 and a half year term starting with an asset value of 2,000 on 1 January 2006:



Date	Observed Value	Level
1 July 2006	1,700	2,000
1 Jan 2007	1,400	2,000
1 July 2007	1,600	2,000
1 Jan 2008	2,000	2,000
1 July 2008	2,400	2,400
1 Jan 2009	2,900	2,900
1 Jul 2009	3,000	3,000
1 Jan 2010	3,400	3,400
1 July 2010	3,500	3,500

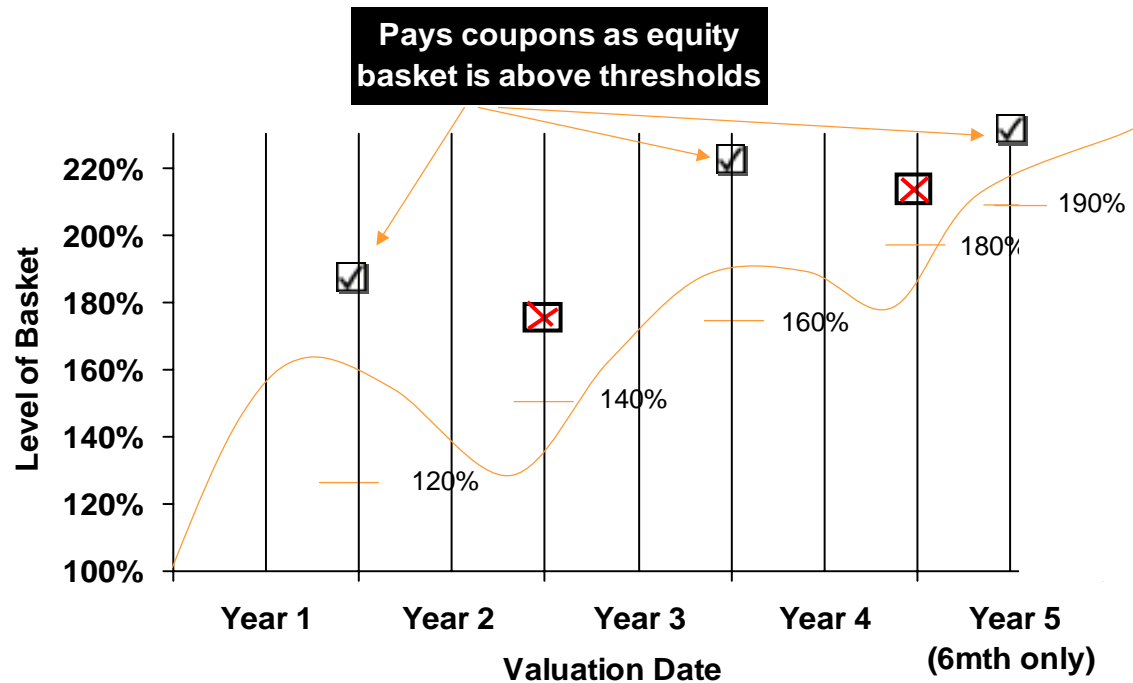
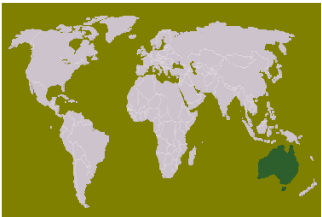
The average of the above 9 asset values for the floored averaging settlement is 2,578. The Settlement Level is therefore calculated as:  $1 + [(2,578 - 2,000) / 2,000] = 128.89\%$ .

If the floored averaging settlement did not apply, the average of the above 9 asset values for the standard averaging settlement is 2,433. The Settlement Level is therefore calculated as:  $1 + [(2,433 - 2,000) / 2,000] = 121.67\%$ .



# Coupon feature

- Coupon feature is independent to participation in market exposure
- Ability to earn 8%pa
- To receive this coupon, the basket must rally > 20% each year cumulative over the first four years and > 10% cumulative in the final six month term





# Financing facility

- Minimum \$100,000 investment (wholesale investors only)
- Ability to utilise financing of up to 100% into investment\*
- Indicative financing at interest rate of 7.75%pa fixed for four and a half years
- Interest payments annually in advance

**\*Subject to credit approval**

**Please note that 3HX & Macquarie Bank do not make any representation regarding the taxation deductibility of interest payments associated with this loan**





# Index Disclaimers

## Goldman Sachs Gold Index & Goldman Sachs Agriculture Index

This Macquarie product is not sponsored, endorsed, sold or promoted by Goldman, Sachs & Co. ("Goldman"). Goldman makes no representation or warranty, express or implied, to the owners of the Macquarie product or any member of the public regarding the advisability of investing in securities generally or in the Macquarie Note product particularly or the ability of the Goldman Sachs Commodity Index ("GSCI® Index") to track general commodity market performance. Goldman's only relationship to Macquarie Bank Limited is the licensing of the GSCI® Index, which is determined, composed and calculated by Goldman without regard to Macquarie Bank Limited or the Macquarie product. Goldman has no obligation to take the needs of Macquarie Bank Limited or the owners of the Macquarie Note product into consideration in determining, composing or calculating the GSCI® Index. Goldman is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Macquarie Note product to be issued or in the determination or calculation of the equation by which the Macquarie Note product is to be converted into cash. Goldman has no obligation or liability in connection with the administration, marketing or trading of the Macquarie Note product.

GOLDMAN DOES NOT GUARANTEE THE QUALITY, ACCURACY AND/OR THE COMPLETENESS OF THE GSCI® INDEX OR ANY DATA INCLUDED THEREIN. GOLDMAN MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY MACQUARIE BANK LIMITED, OWNERS OF THE MACQUARIE PRODUCT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE GSCI® INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. GOLDMAN MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE GSCI® INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL GOLDMAN HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

## S&P/ASX 200 Index

Customised Market Investments (CMI) are not sponsored, endorsed or sold or promoted by S&P or the ASX. S&P and ASX make no representation, condition or warranty, express or implied, to investors in CMI or any member of the public regarding the advisability of investing in securities generally or in CMI particularly or the ability of the S&P/ASX 200 Index to track general stock market performance. The S&P/ASX 200 Index is determined, composed and calculated by S&P without regard to CMI.

S&P has no obligation to take the needs of the owners of CMI into consideration in determining, composing or calculating the S&P/ASX 200 Index. S&P is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CMI to be issued or in the determination or calculation of the equation by which the CMI are to be converted into cash. S&P & ASX have no obligation or liability in connection with the administration, marketing or trading of CMI.

S&P SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE INDEX FROM SOURCES THAT S&P CONSIDERS RELIABLE, BUT S&P ACCEPTS NO RESPONSIBILITY FOR, AND SHALL HAVE NO LIABILITY FOR, ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P/ASX 200 INDEX OR ANY DATA INCLUDED THEREIN OR WITH RESPECT TO ANY USE THEREOF BY THE PARTIES OR ANY THIRD PARTY. S&P MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. S&P AND ASX MAKE NO EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL CONDITIONS AND WARRANTIES IMPLIED BY STATUTE, GENERAL LAW OR CUSTOM WITH RESPECT TO THE S&P/ASX 200 INDEX OR ANY DATA INCLUDED THEREIN EXCEPT ANY IMPLIED CONDITION OR WARRANTY THE EXCLUSION OF WHICH WOULD CONTRAVENE ANY STATUTE OR CAUSE ANY PART OF THIS SECTION TO BE VOID.





# Asset summary

Ticker	Index Name	Description
AS51 Index	S&P/ASX 200 Index	The Standard & Poors/Australian Stock Exchange 200 was established in 2001 to represent the top 200 companies listed on the ASX by market capitalisation.
GSCCGCER Index	Goldman Sachs Gold Excess Return Index	The index is a composite index of commodity sector returns, specifically representing an unleveraged, long-only investment in rolling Gold futures.
GSCAGER Index	Goldman Sachs Agriculture Excess Return Index	The index is a composite index of commodity sector returns, specifically representing an unleveraged, long-only investment in rolling Wheat, Red Wheat, Corn, Soybeans, Cotton, Sugar, Coffee, and Cocoa futures.



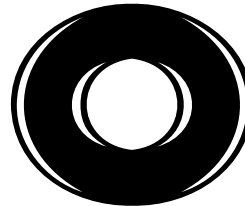


# Parties to the transaction

## Issuer

The Customised Market Investment for the Capital Protected Australian Equities / Gold / Agriculture Hybrid will be issued by Macquarie Bank Ltd ABN 46 008 583 542.

The financing facility is also offered by Macquarie Bank Limited as a Structured Product Investment Loan.



MACQUARIE

## Distribution & Asset Consultant

3HX Pty Ltd ABN 88 075 177 945 and holder of Australian Financial Services Licence No. 294843 is the asset consultant and distributor of the Capital Protected Australian Equities / Gold / Agriculture Hybrid.

