

1 July 2019

Important notice to Investors regarding AMIT Regime Amendment to Constitutions of Funds

This information is published by Pendal Fund Services Limited (ABN 13 161 249 332) (“Responsible Entity”) under section 601GCB(2) of the Corporations Act 2001 (Cth) as modified by ASIC Instrument 2016/489 to inform Investors that the Responsible Entity has amended the constitutions of certain registered managed investment schemes (“Funds”) to facilitate the operation of the Funds as AMITs under the AMIT regime or in circumstances where a Fund is not an AMIT, to facilitate the operation of the Fund in a manner aligned to the AMIT regime.

A list of the Funds subject to this notice is shown in the Schedules on pages 4 and 5.

AMIT regime

The AMIT regime is a set of rules for the taxation of attribution managed investment trusts and their investors that aims to provide greater certainty in relation to the taxation of managed investment trusts and their investors, and provide greater flexibility while reducing compliance costs.

The AMIT regime may provide the following potential benefits to investors in a managed investment trust that is an AMIT:

- Greater certainty - investors will be subject to income tax on trust income based on an attribution model, replacing the historical “present entitlement” model. The attribution model means that investors will be assessed on the amount of each character of taxable income (“taxable trust component”) that is attributed to them on a fair and reasonable basis;
- Fixed trust status - the managed investment trust will be deemed to be a “fixed trust” for the purposes of utilising trust revenue losses, and the AMIT regime removes the “fixed trust” requirement for claiming franking credits;
- Ability for investors to make upward adjustments to the cost base of their units in the trust if they receive distribution amounts that are less than their attributed share of the taxable trust components;
- Flexibility for the Responsible Entity to reconcile variances between amounts actually attributed to investors and amounts that should have been attributed, by dealing with the variance in the year it is discovered, rather than amending previous years’ trust tax returns and notifying investors of those amendments.

Effect of the AMIT amendments made to the constitutions

The amendments made to each Fund Constitution can be summarised as:

Funds in Appendix A

- discretion for the Responsible Entity to allocate any 'unders' or 'overs' that may arise under the AMIT regime and limit the Responsible Entity's liability to the extent that the Responsible Entity exercises a discretion under those provisions;
- power to accumulate income where the Fund is an AMIT and require the Responsible Entity to attribute amounts of assessable income that have been accumulated, to Investors;
- discretion for the Responsible Entity to determine whether amounts are treated as income or capital for distribution purposes;
- discretions for the Responsible Entity to include certain amounts in distributable income in distribution periods other than 30 June, even if it has not been realised during that distribution period;
- a new provision for the Responsible Entity to be indemnified out of the assets of a Fund for tax and related costs incurred by the Responsible Entity when the Fund is an AMIT, including an Investor making a claim against the Responsible Entity in relation to a tax liability, but only to the extent that such tax and related costs were incurred by the Responsible Entity in the proper performance of its duties;
- other changes considered by the Responsible Entity as being necessary or incidental to the Fund being able to be operated as an AMIT, for example, to include specific definitions referable to the AMIT regime.

Funds in Appendix B

- new provisions to apply when a Fund is an AMIT to allow the Responsible Entity to determine distributable income, including:
 - discretion for the Responsible Entity to determine whether amounts are treated as income or capital for distribution purposes;
 - discretion for the Responsible Entity to defer income to a later distribution period in the financial year;
 - discretions for the Responsible Entity to include amounts in distributable income in the distribution period, where the amount is receivable or not yet realised in that distribution period;
 - discretion for the Responsible Entity to allocate any 'unders' and 'overs' that may arise and limit the Responsible Entity's liability to the extent that the Responsible Entity exercises a discretion under those provisions;
 - providing the basis for the allocation of distributable income to Investors for a distribution period;
- provide the basis for attribution (on a fair and reasonable basis) of tax components to Investors, including:
 - ability for the Responsible Entity to adopt an attribution policy;
 - flexibility for the Responsible Entity to amend, replace or discontinue an attribution policy;

- default basis of attribution if the Responsible Entity does not adopt an attribution policy;
- a new provision to allow the Responsible Entity to (i) deduct from amounts payable to or receivable from an Investor or (ii) compulsorily redeem units of an Investor to pay Tax (or an estimate) in relation to any amount, the Responsible Entity is deemed to have paid to the unit holder;
- power to elect into the AMIT regime and use the 'unders' and 'overs' system to reconcile variances or reissue tax statements;
- power to accumulate income where the Fund is an AMIT and require the Responsible Entity to attribute amounts of assessable income to Investors that have been accumulated;
- a new provision for the Responsible Entity to be indemnified out of the assets of a Fund for tax and related costs incurred by the Responsible Entity, including an Investor making a claim against the Responsible Entity in relation to a tax liability, but only to the extent that the tax and related costs were incurred by the Responsible Entity in the proper performance of its duties;
- other changes considered by the Responsible Entity as being necessary or incidental to the Fund being able to be operated as an AMIT, for example, to include specific definitions referable to the AMIT regime.

If you have any questions about the amendments to the constitutions, please contact your tax or financial adviser or contact our Client Services team at the email address amit@pendalgroup.com or by phone on 1800 813 886 between 8am to 5:30pm (AEST) Monday to Friday.

Schedule of Funds subject to this Notice

Funds - Appendix A	ARSN
Pendal Active High Growth Fund	610 997 674
Pendal Active Long Volatility Fund	624 298 022
Pendal Active Moderate Fund	610 997 709
Pendal Concentrated Global Share Fund	613 608 085
Pendal Dynamic Income Fund	622 750 734
Pendal Multi-Asset Target Return Fund	623 987 968
Pendal Sustainable Australian Fixed Interest Fund	612 664 730
Pendal Sustainable International Fixed Interest Fund	612 664 945
Pendal Sustainable International Share Fund	612 665 219

Schedule of Funds subject to this Notice

Funds - Appendix B	ARSN
Pendal Active Balanced Fund	088 251 496
Pendal Active Conservative Fund	087 593 100
Pendal Active Growth Fund	087 593 682
Pendal American Share Fund	087 594 509
Pendal Asian Share Fund	087 593 468
Pendal Australian Equity Fund	087 593 191
Pendal Australian Long/Short Fund	121 948 810
Pendal Australian Share Fund	089 935 964
Pendal Australian Share Trust	089 939 453
Pendal Balanced Returns Fund	087 593 011
Pendal Cash Plus Fund	124 706 690
Pendal Core Global Share Fund	089 938 492
Pendal Core Global Share Trust	091 851 277
Pendal Core Hedged Global Share Fund	098 376 151
Pendal Diversified Global Equity Fund	134 214 618
Pendal Dynamic Global Equity Fund	140 921 311
Pendal Enhanced Australian Shares Fund	088 835 385
Pendal Enhanced Cash Fund	088 863 469
Pendal Enhanced Credit Fund	089 937 815
Pendal Enhanced Fixed Interest Trust	099 765 947
Pendal Enhanced Global Fixed Interest Fund	088 841 972
Pendal Enhanced Property Securities Fund	088 826 804
Pendal Ethical Share Fund	096 328 219
Pendal Ethical Share Trust	096 328 531
Pendal European Share Fund	087 594 429
Pendal Fixed Interest Fund	089 939 542
Pendal Focus Australian Share Fund	113 232 812
Pendal Geared Imputation Fund	102 970 089
Pendal Geared Imputation Trust	102 970 356
Pendal Global Aggregate Bond Fund	097 012 238
Pendal Global Emerging Markets Opportunities Fund	159 605 811
Pendal Global Fixed Interest Fund	099 567 558
Pendal Global Property Securities Fund	108 227 005
Pendal Global Property Trust	101 168 441
Pendal Global Share Fund	088 826 911
Pendal Government Bond Fund	098 011 048
Pendal Hedged Global Bond Fund	097 009 893
Pendal Imputation Fund	089 614 693
Pendal Imputation Trust	094 645 468
Pendal International Share Fund	087 593 299
Pendal International Share Interfund	096 494 469
Pendal International Share Trust	088 832 802
Pendal Japanese Share Fund	090 666 621
Pendal MicroCap Opportunities Fund	118 585 354
Pendal Midcap Fund	130 466 581
Pendal Monthly Income Plus Fund	137 707 996
Pendal Property Investment Fund	089 939 819
Pendal Property Securities Fund	087 593 584
Pendal Property Trust	089 935 339
Pendal Pure Alpha Fixed Income Fund	161 859 936
Pendal Smaller Companies Fund	089 939 328
Pendal Smaller Companies Trust	089 935 008
Pendal Sustainable Australian Share Fund	097 661 857
Pendal Sustainable Conservative Fund	090 651 924
Pendal Technology Trust	091 736 677
Pendal Total Return Fund	092 178 704