

Reference Guide (“Reference Guide”) dated 5 December 2019

This Reference Guide is issued by The Trust Company (RE Services) Limited, ABN 45 003 278 831, AFSL 235150 (“**Responsible Entity**”), as responsible entity of Thornburg Multisector Opportunistic Fund (“**Fund**”). The investment manager of the Fund is Thornburg Investment Management, Inc., a SEC registered investment adviser, (“**Manager**”).

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Contact Details

If you have any questions or would like more information about the Fund, you may contact the Manager or the Responsible Entity:

Manager

Mail: 2300 North Ridgetop Road, Santa Fe, New Mexico 87506

Website: www.thornburg.com/australia

Responsible Entity

Mail: Level 18, 123 Pitt Street, Sydney NSW 2000 Australia

Website: www.perpetual.com.au

Important notes

The information in this Reference Guide forms part of the Product Disclosure Statement dated 5 December 2019 for the Fund (“**PDS**”) and should be read in conjunction with the PDS. You should consider all of this information before making a decision to invest in the Fund.

The information provided in this Reference Guide is for general information only and does not take into account your objectives, financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

This Reference Guide may be updated with changes that are not materially adverse via disclosure on the Manager’s website, at www.thornburg.com/australia. Upon request, a paper copy of this information will be made available without charge by contacting the Manager. For indirect investors investing through a Service, updated information may also be obtained from your Service operator.

Defined terms used in this Reference Guide have the same meaning as used in the PDS unless defined in this Reference Guide or the context requires otherwise.

1. How the Fund works

Withdrawals

You may request to withdraw all or part of your investment by providing the Administrative Agent with a Withdrawal Form, subject to maintaining the minimum account balance of \$25,000. There is no minimum withdrawal amount however if the balance of a Unitholder’s holding is less than \$25,000, the remaining balance will be fully redeemed. The Responsible Entity may waive or change these amounts in its absolute discretion. Investors investing indirectly through a Service may have different minimum withdrawal and account

balance amounts. Indirect investors should refer to the Service operator’s disclosure document or contact their Service operator to find out whether a different minimum withdrawal and account balance amount applies for their Service. Indirect investors should complete any relevant forms provided by the Service operator or contact the Service operator to make a withdrawal from the Fund. Indirect investors should not send withdrawal requests directly to the Administrative Agent. In addition, the time it takes to process withdrawal requests made through a Service operator may vary from the time frames specified in this section due to their processing requirements (please refer to the Service operator’s disclosure document for details). To make a withdrawal request, please complete the Withdrawal Form available by contacting the Manager. Withdrawal requests must be received in writing, either original or fax, by State Street Australia Limited – Thornburg Multisector Opportunistic Fund.

Withdrawal proceeds will be paid net of any bank charges to your nominated bank account. Generally withdrawal proceeds will be paid within 15 Business Days of the day on which your withdrawal request was processed. However under the Constitution, the Responsible Entity has up to 21 days to pay withdrawal proceeds. Furthermore, where the Fund is not liquid as defined in the Corporations Act, then withdrawals can only be made in accordance with the procedures set out in the Corporations Act.

Restrictions on withdrawals

We are not obliged to offer investors the opportunity to make, or to give effect to a withdrawal request. The circumstances in which we may not give effect to all or part of the withdrawal request may include, but are not limited to situations where:

- an emergency (including an emergency caused by a mechanical or electronic malfunction) exists as a result of which it is not reasonably practicable for the Responsible Entity to acquire or dispose of assets or to determine fairly the issue or withdrawal price;
- any relevant financial, stock, bond note derivative or foreign exchange market is closed;
- trading on any such market is restricted;
- any state of affairs exists as a result of which it is not reasonably practicable for the Responsible Entity to acquire or dispose of the assets or to determine fairly the issue or withdrawal price; or
- any moratorium declared by a government of any country exists, in which a significant proportion of the Fund is invested.

If the Responsible Entity suspends the withdrawal of Units it will provide written notification to investors.

The Responsible Entity has the right to delay and stagger processing withdrawal requests where withdrawal requests in respect of any single Dealing Day in aggregate exceed 5% of the number of Units on issue, or where withdrawal requests in respect of 5 consecutive Dealing Days in aggregate exceed 10% of the number of Units on issue. In this case, the Responsible Entity may refuse to withdraw all such Units which are subject to these withdrawal requests and may scale down the amounts to be withdrawn pro rata in response to such extent as the Responsible Entity considers necessary.

If you are investing indirectly through a Service, you should follow the instructions of the Service operator when withdrawing your investment from the Fund.

Transfer of Units

Subject to the terms of the Constitution and with our consent, you may trans-

fer Units to another person by providing us with a signed and completed transfer form prescribed by the Responsible Entity, with duty paid, if applicable, and any other required documents. A transfer of Units will generally be a disposal of Units for tax purposes, which may have tax implications.

If you are investing indirectly through a Service, you should follow the instructions of the Service operator if you wish to transfer your Units.

Instructions and changes

Please contact the Administrative Agent in writing to advise of any changes to your name, address, contact details and bank accounts, and to provide any other details or instructions.

If you are investing indirectly through a Service, you should contact the Service operator to advise them of such matters.

2. Significant risks

The following table within this section indicates the key risks of investing in the Fund, which may affect your investment and/or the value of your investment in the Fund. The risks are in addition to or expand upon the significant risks disclosed in the PDS. Other risks of investing in the Fund may also apply.

Type of risk	Description of risk
Management Risk	The Fund is an actively managed portfolio, and the value of the Fund may be reduced if Thornburg pursues unsuccessful investments or fails to correctly identify risks affecting the broad economy or specific issuers in which the Fund invests.
Interest Rate Risk	When interest rates increase, the value of the Fund's investments may decline and the Fund's unit price may be reduced. This effect is typically more pronounced for intermediate and longer-term obligations. This effect is also typically more pronounced for mortgage- and other asset-backed securities, the value of which may fluctuate more significantly in response to interest rate changes. When interest rates decrease, the Fund's distributions may decline.
Prepayment Risk	When market interest rates decline, certain debt obligations held by the Fund may be repaid more quickly than anticipated, requiring the Fund to reinvest the proceeds of those repayments in obligations which bear a lower interest rate. Conversely, when market interest rates increase, certain debt obligations held by the Fund may be repaid more slowly than anticipated, causing assets of the Fund to remain invested in relatively lower yielding obligations. These risks may be more pronounced for the Fund's investments in mortgage-backed and asset-backed securities.

Type of risk	Description of risk
Credit Risk	If obligations held by the Fund are downgraded by ratings agencies or go into default, or if management action, legislation or other government action reduces the ability of issuers to pay principal and interest when due, the value of those obligations may decline and the Fund's unit price and the distributions paid by the Fund may be reduced. Given the ability of an issuer of a lower-rated or unrated obligation to pay principal and interest when due is typically less certain than for an issuer of a higher-rated obligation, lower-rated and unrated obligations are generally more vulnerable than higher-rated obligations to default, to ratings downgrades, and to liquidity risk. Debt obligations backed by so-called " subprime " mortgages may also be subject to a greater risk of default or downgrade. Debt obligations issued by the U.S. government or its agencies, instrumentalities and government sponsored enterprises are also subject to credit risk. Securities backed by the full faith and credit of the U.S. government, such as U.S. Treasury obligations, are commonly regarded as having small exposure to credit risk. Obligations of certain U.S. agencies, instrumentalities and enterprises (sometimes referred to as " agency obligations ") are not direct obligations of the U.S. government may not be backed by the full faith and credit of the U.S. government, and may have a greater exposure to credit risk.
High Yield Risk	Debt obligations that are rated below Investment Grade and unrated obligations of similar credit quality (commonly referred to as " junk " or " high yield " bonds) may have a substantial risk of loss. These obligations are generally considered to be speculative with respect to the issuer's ability to pay interest and principal when due. These obligations may be subject to greater price volatility than Investment Grade obligations, and their prices may decline significantly in periods of general economic difficulty or in response to adverse publicity, changes in investor perceptions or other factors. These obligations may also be subject to greater liquidity risk.
Market and Economic Risk	The value of the Fund's investments may decline and its unit price may be reduced due to changes in general economic and market conditions. This effect is typically more pronounced for lower-rated and unrated debt obligations (including particularly " junk " or " high yield " bonds), the value of which may fluctuate more significantly in response to poor economic growth or other changes in market conditions, political, economic and legal developments. The market value of any zero coupon bonds or " stripped " securities that the Fund may purchase will typically be more volatile than the value of a comparable, interest-paying bond. Additionally, zero coupon bonds and " stripped " securities are subject to the risk that the Fund may have to recognise income on its investment and make distributions to shareholders before it has received any cash payments on its investment.
Risks Affecting Specific Issuers	The value of a debt obligation or equity security may decline in response to developments affecting the specific issuer of the obligation or security, even if the overall industry or economy is unaffected. These developments may include a variety of factors, including but not limited to management issues or other corporate disruption, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

Type of risk	Description of risk
Liquidity Risk	Due to a lack of demand in the marketplace or other factors, the Fund may not be able to sell some or all of its investments promptly, or may only be able to sell investments at less than desired prices. The market for lower-rated and unrated debt obligations (including particularly “junk” or “high yield” bonds) and debt obligations backed by so-called “subprime” mortgages may be less liquid than the market for other obligations, making it difficult for the Fund to value its investment in a lower-rated or unrated obligation or to sell the investment in a timely manner or at an acceptable price.
Regulatory Risk	Changes in legislation and other rules in domestic and foreign markets, including those dealing with taxation, accounting and investments, may adversely impact the Fund, the Fund’s investments or an investment in the Fund. Changes in political situations and changes to foreign and domestic tax positions can also impact on the Fund.
Small and Mid-Cap Company Risk	Investments in small-capitalization companies and mid-capitalisation companies may involve additional risks, which may be relatively higher with smaller companies. These additional risks may result from limited product lines, more limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling these investments.
Foreign Investment Risk	Investments in the equity securities or debt obligations of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. In addition, some foreign government debt obligations may be subject to default, delays in payment, adverse legislation or government action, or could be downgraded by ratings agencies.
Developing Country Risk	The risks which may affect investments in foreign issuers (see “ Foreign Investment Risk, ” above) may be more pronounced for investments in developing countries because the economies of those countries are usually less diversified, communications, transportation and economic infrastructures are less developed, and developing countries ordinarily have less established legal, political, business and social frameworks. At times the prices of equity securities or debt obligations of a developing country issuer may be extremely volatile. An issuer domiciled in a developed country may be similarly affected by these developing country risks to the extent that the issuer conducts its business in developing countries.
Structured Products Risk	Investments in securities that are backed by, or represent interests in, an underlying pool of securities or other assets involve the risks associated with the underlying assets (e.g. the risk of default by mortgagors), and may also involve different or greater risks, including the risk that distributions from the underlying assets will be inadequate to make interest or other payments to the Fund, the risk that the issuer of the securities will fail to administer the underlying assets properly or become insolvent, and the risk that the securities will be less liquid than other Fund investments.

Type of risk	Description of risk
Cyber Risk	There is a risk of fraud, data loss, business disruption or damage to the information of the Fund or to investors’ personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of the Responsible Entity and its agents.
Potential Conflicts of Interest Risk	The Investment Manager may be the investment manager of other funds not described in this PDS and entities within the ‘Perpetual Group’ (comprising Perpetual Limited and its subsidiaries, including the Responsible Entity) may act in various capacities (such as responsible entity, trustee and custodian) in this structure and for other funds or accounts. The Investment Manager and Perpetual Group have implemented policies and procedures to identify and where possible mitigate or avoid the conflict.
Derivatives Risk	The Fund’s investments in derivatives involve the risks associated with the securities or other assets underlying the derivatives, and also may involve risks different or greater than the risks affecting the underlying assets, including the inability or unwillingness of the other party to a derivative to perform its obligations to the Fund, the Fund’s inability or delays in selling or closing positions in derivatives, and difficulties in valuing derivatives.

3. How we invest your money

No Interest earned on application monies. No interest will be paid to you on application monies received.

Reporting

When you invest in the Fund you will receive the following information according to your chosen method of delivery:

- A confirmation note for each investment or withdrawal.
- Monthly reports which include Fund facts and updates including Fund’s net asset value, Unit prices, redemption prices, Fund review, Fund performance and net return, and material changes in risks or Fund strategy and changes to management or key service providers (if any).
- Annual reports which include asset allocations, liquidity profile, maturity profile of liabilities, leverage ratio, derivative counterparties, monthly/annual investment returns, and changes in key service providers (if any).
- A distribution statement at the end of each distribution period.
- A tax statement on an annual basis.

If the Fund becomes a disclosing entity under the Corporations Act, the Responsible Entity will be subject to regular reporting and continuous disclosure obligations. This includes the requirement to prepare annual and half yearly financial reports for the Fund and disclose information to investors which may have a material effect on the price or value of Units or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of Units.

In addition to this, you have a right to request a copy of the annual financial report most recently lodged with ASIC and, if available, any half-yearly financial report and continuous disclosure notices that have been lodged. We are required to send you a copy (free of charge) within 5 days of receiving your request.

Investors are encouraged to provide their email addresses. In an effort to protect the confidentiality of its positions and information related thereto, the Fund generally will not disclose information to Unitholders on an ongoing basis except as described in the Reference Guide. Subject to applicable law, the Responsible Entity and/or Manager may permit disclosure on a select basis to certain Unitholders under particular circumstances, including:

- to enable Unitholders to comply with their legal or regulatory requirements;
- if the Manager determines that there are sufficient confidentiality agreements and procedures in place; and/or

- other criteria have been met, subject to applicable law.
- Information that is not materially adverse is subject to change from time to time. Updated information on the Fund is available by contacting the Manager. The information available includes investment performance history, Unit prices, Fund updates and the current offer document. A paper copy of any updated information will be given to a person without charge upon request.

Indirect investors

If you are investing as an indirect investor, your Service operator will report to you about your investment. Please refer to them about the frequency and nature of reporting on your investment.

Valuation

We outsource the valuation of the Fund's assets to the Administrative Agent. The Fund's assets are valued in accordance with the valuation policy, which includes how to independently verify the valuation of assets that are exchange traded, non-exchange traded and assets that could be categorised as Fund investments.

The valuation policy also mandates the particular primary and secondary pricing sources from third party vendors to be used for each type of asset so that each asset has an independently verifiable valuation. Specifically, this valuation policy provides for the use of the most recent market valuation available at the time of valuation, which is then applied consistently and in line with market practice. The valuations used are market standard feeds that reflect the last traded positions of securities held by the Fund. The value of investments made by the Fund is determined in accordance with applicable accounting standards. The Fund is a passive unit trust for taxation purposes (nontrading) and assets are held at fair value through profit and loss. The net asset value and net asset value per Unit are calculated daily.

In an active market, the value of an asset for the purposes of calculating net asset value is its traded price. Where an asset is less actively traded or a traded price does not exist, the value of an asset for the purposes of calculating net asset value is determined in accordance with applicable accounting standards.

The Manager uses public sources, relevant enquiry and its own experience within debt markets to confirm the portfolio value. The policy may permit for input and discretion by the Responsible Entity as to the appropriate valuation to be used for such assets. The valuation for non-exchange traded assets is in line with market practice and able to be independently verified.

Our determination of the value of the Fund, of any asset of the Fund and of any part of the Fund is, in the absence of fundamental error, final and binding on all investors of the Fund.

Borrowing by the Fund

Although the Constitution allows us to borrow or raise money, it is not our intention for the Fund to use leverage for investment purposes. The Fund may however use borrowing to cover short-term cash flow needs or if emergency or extraordinary situations arise.

Privacy and personal information

We collect personal information from you in the application and any other relevant forms to be able to process your application, administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, we will not be able to do so.

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- the kinds of personal information we collect and hold;
- how we collect and hold personal information;
- the purposes for which we collect, hold, use and disclose personal information;
- how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the Australian Privacy Principles ("APP"), or a registered APP code (if any) that binds us, and how we will deal with such a complaint;

- whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

Our privacy policy is available on our website at www.perpetual.com.au or you can obtain a copy free of charge by contacting us.

Personal information will also be handled by the Manager in accordance to the Manager's privacy policy. A copy of the Manager's privacy policy is publicly available by visiting <https://www.thornburg.com/legal/data-protection-privacy-notice/>. The Administrative Agent's privacy policy is publically available at <http://www.statestreet.com/utility/australia/privacystatement.html>.

If you are investing indirectly through a platform, we do not collect or hold your personal information in connection with your investment in the Fund. Please contact your platform operator for more information about their privacy policy.

Anti-money laundering/Counter-terrorism financing laws

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ("AML Act") and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to Perpetual ("AML Requirements"), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre ("AUSTRAC"). In order to comply with the AML Requirements, the Responsible Entity is required to, amongst other things:

- verify your identity and source of your application monies before providing services to you, and to re-identify you if we consider it necessary to do so; and
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

The Responsible Entity and the Administrative Agent as its agent (collectively the "Entities") reserve the right to request such information as is necessary to verify your identity and the source of the payment. In the event of delay or failure by you to produce this information, the Entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to you for any loss suffered by you because of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented several measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. Because of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or because of their compliance with the AML Requirements as they apply to the Fund; and
- the Responsible Entity or the Administrative Agent may from time to time require additional information from you to assist it in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss you may suffer because of them compliance with the AML Requirements.

Constitution

The Constitution, along with the Corporations Act and other relevant laws, governs the way in which the Fund operates and the rights and responsibilities and duties of the Responsible Entity and investors.

The Constitution contains the rules relating to a number of issues including:

- g. the rights and liability of investors;

- h. the process by which Units are issued and redeemed and the calculation of Unit prices;
- i. the calculation and distribution of the income of the Fund;
- j. the investment powers of the Responsible Entity, which are very broad;
- k. the Responsible Entity's right to claim an indemnity from the Fund for expenses incurred in relation to the Fund;
- l. the rules about investors' meetings;
- m. information about complaints' handling; and
- n. the duration and termination of the Fund. A copy of the Constitution is available at no charge from the Responsible Entity on request. The information set out in the PDS and this Reference Guide about the content of the Constitution is a summary only.

Related party relationships

Subject to the Constitution, the Manager or the Responsible Entity may appoint any of its related bodies corporate to provide services or perform functions in relation to the Fund, including acting as a delegate.

The Manager and the Responsible Entity may also enter into financial or other transactions with related bodies corporate in relation to the assets of the Fund, and may sell assets of the Fund to, or purchase for the Fund assets from, a related body corporate. A related body corporate entity is entitled to earn fees, commissions or other benefits in relation to any such appointment or transaction and to retain them for its own account. Such arrangements will be based on arm's length commercial terms. The Manager and the Responsible Entity may face conflicts in respect of their duties in relation to the Fund, related funds and their own interests. The Manager and the Responsible Entity have policies and procedures in place to manage these conflicts through either controlling, avoiding or disclosing the conflict.

The Responsible Entity must resolve such conflicts fairly and in accordance with the law and its policies. Compliance with the law and conflicts policies is monitored by the Responsible Entity's compliance manager, who reports to the Fund's Compliance Committee and Responsible Entity board.

The Manager may also give advice or take action with respect to the other clients that differs from the advice given with respect to the Fund. To the extent a particular investment is suitable for both the Fund and the other clients, such investments will be allocated by the Manager between the Fund and the other clients pro rata based on assets under management or in some other manner that is fair and equitable under the circumstances to all clients.

Investment Management Agreement

The Manager will invest and manage the assets and liabilities of the Fund in accordance with the terms of the Investment Management Agreement ("IMA").

The IMA gives the Responsible Entity the right to terminate the IMA and remove the Manager by written notice on the occurrence of any one of the following events:

- a. an insolvency event occurs with respect to the Manager (although the legal right of the Responsible Entity to terminate solely for this reason is limited);
- b. the Manager breaches or fails to observe or perform any duty, obligation, representation, warranty or undertaking required of it under the IMA that in the opinion of the Responsible Entity adversely affects the rights of investors, and fails to rectify the breach or failure to the reasonable satisfaction of the Responsible Entity within a reasonable period specified by the Responsible Entity in a notice to do so;
- c. the Manager ceases to carry on business in relation to its activities as an investment manager; or
- d. relevant law requires the IMA to terminate.

The Responsible Entity may also terminate the IMA :

- a. at any time, to take effect immediately if the Fund terminates in accordance with the Fund's Constitution or the Corporations Act;
- b. following the 10th anniversary of the allotment of units under the first Offer Document if Unitholders pass a special resolution

directing the Responsible Entity to terminate the Manager's appointment ("**Removal Resolution**"). The Removal Resolution of the Manager will take effect on the 1st anniversary of the special resolution being passed; or at any time, if a Removal Resolution is passed in circumstances where the Responsible Entity considers the termination is reasonably necessary to ensure compliance with the Fund's Constitution and the Corporations Act.

The Manager may at any time terminate the IMA by giving written notice to the Responsible Entity. The termination of the IMA will take effect 6 months after the date of the written notice (or such lesser period as the Responsible Entity agrees).

4. Fees and costs

Management fees

In addition to the information set out in the PDS in relation to the management fees payable in relation to the Fund, under the Constitution, we are entitled to receive an annual maximum management fee of up to 3% p.a. of the gross value of the Fund. The Responsible Entity will provide notice 30 days prior to any proposed increase in management fees payable in relation to the Fund, within the constitutional maximum.

Estimated expense recoveries

In addition to the information set out in the PDS in relation to the estimated expense recoveries, any abnormal or extraordinary expenses such as legal proceeding costs, costs associated with running investor meetings, and costs associated with changes to the Constitution, changing the Responsible Entity or Manager may also be incurred and are recoverable from the Fund as long as those expenses are properly incurred in operating the Fund. These expenses do not form part of the estimates provided in the PDS.

5. Tax

The summary below is general in nature and is intended as a guide only. As the tax rules in Australia are complex and are continuously changing, it is strongly recommended that investors obtain specific tax advice pertaining to their own circumstances prior to investing in the Fund.

US tax withholding and reporting under FATCA

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report certain information to the Australian Taxation Office ("ATO"), which may then pass the information on to the US Internal Revenue Service. If you do not provide this information, we will not be able to process your application.

To comply with these obligations, Perpetual will collect certain information about you and undertake certain due diligence procedures to verify your FATCA status and provide information to the ATO in relation to your financial information required by the ATO (if any) in respect of any investment in the Fund.

How the Fund is taxed

The Responsible Entity intends to choose for the Fund to operate as an Attribution Managed Investment Trust ("**AMIT**"), subject to the relevant eligibility requirements being satisfied. The AMIT Regime provides greater certainty on the application of the tax

provisions for both the investors and the Fund. Under the AMIT Regime, the Fund is a flow through entity and unitholders will be

attributed the tax components of the Fund (including its assessable income, exempt income, non-assessable, non-exempt income and tax offsets) of an income year regardless of whether the Fund makes a distribution of income or capital.

The AMIT rules contain several provisions that will impact on the taxation treatment of the Fund. The key features include:

- an attribution model for determining member tax liabilities, which also allows amounts to retain their tax character as they flow through to its Unitholders;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;

- deemed fixed trust treatment under the income tax law;
- upwards cost base adjustments to units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions.

The Responsible Entity does not expect the trustee of the Fund to be subject to tax on the income of the Fund (other than in relation to withholding tax or other tax payable in respect of non-resident investors) as it is intended that:

- if the Fund enters the AMIT regime: all taxable income will be "attributed" to the unitholders in each financial year; and
- if the Fund does not enter the AMIT regime: it is the Fund's intention to distribute all income of the Fund to investors during each financial year such that unitholders will be presently entitled to all the income of the Fund in each financial year.

How Australian tax resident investors are taxed

The comments on taxation below concern Australian taxation laws and not foreign tax laws, apply only to Australian resident investors, and also apply only to investors who hold their investments in the Fund on capital account and not on revenue account.

Different tax and stamp duty implications may apply to different investors depending on their particular circumstances. Accordingly, investors should obtain independent professional advice concerning the potential tax and stamp duty implications of investing in the Fund.

Non-resident investors should seek independent tax advice before investing, taking into account their particular circumstances including whether they may be eligible for any concessions under a relevant double taxation agreement between Australia and their country of residence.

Attribution Managed Investment Trusts ("AMIT") regime

As noted above, the Responsible Entity intends to make an irrevocable election for the Fund to operate as an AMIT, subject to the relevant eligibility requirements being satisfied.

Broadly, under the AMIT regime, investors will be subject to tax on the net income and net capital gains of the Fund that are allocated to them on a fair and reasonable basis by the Responsible Entity of the Fund. The allocation will be based on the number of Units held by each investor, their entitlements to income and capital, and any cash distributions made to investors during the relevant period.

An investor may be taxable on their share of the Fund's taxable income before receiving distributions from the Fund. Where an amount distributed to an investor is less than (or more than) the taxable income attributed to the investor, the cost base of the investor's units may be adjusted upwards (or downwards).

Investors will receive an annual tax statement known as the AMIT Member Annual ("AMMA") Statement detailing the amount and components of the taxable income of the Fund that investors will be assessed on, as well as the net annual cost base adjustment.

Where the Fund discovers an under-statement or over-statement of a particular tax component relating to a previous year, the AMIT regime allows the Responsible Entity to make an adjustment either in the relevant year or in the year of discovery, instead of re-issuing investor statements.

Taxation of Financial Arrangements ("TOFA") regime

The TOFA rules may apply to certain "financial arrangements" held by the Fund. In broad terms, in calculating the net income of the Fund, returns on certain financial arrangements may be recognised on an accruals basis rather than a realisation basis, and on revenue account rather than on capital account. The Administrative Agent of the Fund will assist the Responsible Entity with compliance with the TOFA rules.

Foreign income

The Fund may derive income from sources outside Australia. Your share of the gross foreign income will be treated as foreign income in your hands. Investors should include their share of foreign income and the amount of any foreign tax withheld in their assessable income. Investors may then be entitled to claim a foreign income tax offset for the foreign tax paid.

Controlled foreign company (CFC) regime

In certain circumstances, the CFC rules may apply to interests in foreign companies where controlling interests are held by one or more Australian

residents (including the Fund). Under the CFC rules, the net income of the Fund may include the Fund's share of a CFC's attributable income (generally passive income) for the income year on an accruals basis, even though the income has not been distributed by the CFC. An interest of at least a 10% in a CFC is generally required for the holder to be an "attributable taxpayer" under the CFC rules. It is generally expected that the Fund's interests in foreign companies will not be such as to make the Fund an attributable taxpayer under the CFC rules. The Responsible Entity will monitor the concentration of Australian (or Australian associated) ownership of any foreign companies to determine if any income attribution under the CFC rules is required.

Foreign hybrids

If the Fund has an investment in a foreign hybrid (broadly, an entity that is taxed in Australia as a company but taxed overseas as a partnership such as a limited partnership, a limited liability partnership and a US limited liability company), the Fund will be treated for Australian tax purposes as having an interest in the income and each asset of the foreign hybrid. As a consequence, any capital gain or loss made in relation to the assets of a foreign hybrid is taken to be made by the Fund.

Capital gains

The Fund may make an irrevocable election to apply deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding derivatives, debt securities and foreign exchange contracts). Where the election is made, the Fund is taken to hold its eligible investments on capital account and gains (or losses) from the disposal of eligible investments are treated as capital gains (or losses) for capital gains tax ("CGT") purposes.

Capital gains arising on the disposal of eligible investments held for at least 12 months may be eligible to be treated as discounted capital gains if the relevant requirements are met. Where the election is not made, the Fund will hold its eligible investments on revenue account and gains (or losses) from the disposal of eligible investments should be treated as revenue gains (or losses).

Trust losses

Tax losses incurred by the Fund cannot be distributed to investors. Instead, they can be carried forward and offset against future taxable income of the Fund, subject to satisfying the relevant loss recoupment rules.

Non-AMIT regime

Where the Fund does not elect into the AMIT regime, or the Fund does not satisfy the requirements to be a MIT for the income year, the general taxation rules for trusts will apply. Broadly, investors will be assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled.

In practice, investors will be entitled to receive distributions from the Fund provided the income referable to their Units is greater than nil. Proceeds from withdrawals may also contain a component of taxable income as determined by the Responsible Entity.

The taxable components of distributions (whether reinvested back into the Fund or not) or from redemption proceeds should be taxable in the hands of the investors for the financial year to which the distributions relate. That is, investors will include their share of the "net income" of the Fund (i.e. the taxable income of the Fund) in their assessable income for that year.

Investors will be provided with a distribution and taxation statement each year outlining the various components of the distribution. For example, the components of the distribution may include dividends, trading or capital gains, tax deferred income, any taxes withheld or franking credits attached.

To the extent that an investor's share of the income of the Fund is attributable to a capital gain made by the Fund, the investor will be treated as having made a capital gain equal to that amount. Where such an amount qualifies as a discounted capital gain in the hands of the Fund, the share of the gain allocated to the investor must be increased to eliminate the effect of the CGT discount. The investor then applies any available losses to reduce the capital gain. If the investor is an individual, trust or complying superannuation entity, they may be entitled to the CGT discount in respect of any capital gain remaining after applying losses. However, companies are not entitled to the CGT discount.

Any franking credits attaching to franked dividends derived by the Fund should generally be available to investors in the Fund. However, the eligibility of the Fund to distribute franking credits is subject to certain conditions such as the holding period rule. An investor's individual circumstances will also be relevant in determining whether an entitlement to franking credits exists.

Where franking credits are distributed to an investor which is a resident individual or a complying superannuation entity, and those franking credits exceed the income tax otherwise payable by the investor, the excess franking credits may be refundable (i.e. the investor may get a cash refund rather than paying tax).

Where the cash distribution that an investor receives or reinvests exceeds their share of the taxable income of the Fund, the excess is a **"tax deferred distribution"** that is not assessable to the investor.

Typically, a tax deferred distribution will reduce the cost base of the investor's Units for the purposes of determining any CGT liability on subsequent disposal or redemption of the Units. Where the tax deferred distributions for an income year exceeds the investor's cost base in those Units, a capital gain may arise for the investor. Each investor should confirm the treatment of tax deferred distributions as it will depend on their individual circumstances. Certain investors (ie individuals, trustees or complying superannuation entities) who have held the relevant units for at least 12 months may be eligible for a CGT discount where the relevant requirements are satisfied.

Disposal of Units

Investors who hold their Units on capital account may crystallise a capital gain or capital loss on disposal or redemption of their Units in the Fund. Any CGT liability that arises may be reduced by the applicable capital gains tax discount where the Units disposed of or redeemed have been held for more than 12 months. The capital gains tax discount varies depending on whether the investor is an individual, trust or complying superannuation fund. Corporate investors are not eligible for the CGT discount. Investors should seek their own taxation advice in relation to the CGT implications of a disposal or redemption of Units.

Tax File Number ("**TFN**") or Australian Business Number ("**ABN**")

Australian resident investors who have not provided a TFN, an ABN or details as to why the investor is exempt from being required to have a TFN or ABN, may have tax deducted from their distributions at the highest marginal tax rate plus any levies (such as the Medicare Levy) which may apply from time to time.

Goods and Services Tax ("**GST**")

GST is not imposed on the acquisition or redemption of Units in the Fund. However, the services for which any fees are payable under the **"Fees and costs"** section of the PDS, may be subject to GST. The Fund may not be entitled to claim a full input tax credit for any GST paid on fees and other costs payable by it. However, the Fund may be entitled to claim a reduced input tax credit for the GST payable in respect of certain expenses. Any denial of input tax credit will be an additional cost to the Fund, which may affect the net income of the Fund and the distributions (if any) made by the Fund to investors.

Stamp Duty

Neither the acquisition nor redemption of Units in the Fund should attract Australian stamp duty.

Common Reporting Standards ("**CRS**")

The Australian government has implemented the OECD Common Reporting Standards Automatic Exchange of Financial Account Information from 1 July 2017. CRS, like the FATCA regime, will require banks and other financial institutions to collect and report to the ATO.

CRS will require certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is expected to be a **"Financial Institution"** under the CRS and intends to comply with its CRS obligations by obtaining and reporting information on relevant accounts (which may include your units in the

Fund) to the ATO. For the Fund to comply with its obligations, we will request that you provide certain information and certifications to us. We will determine whether the Fund is required to report your details to the ATO based on our assessment of the relevant information received. The ATO may provide this information to other jurisdictions that have signed the **"CRS Competent**

Authority Agreement", the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 to give effect to the CRS.

6. Glossary

AFSL means Australian Financial Services Licence.

Application Form means the *Initial Application Form* or *Application Form*, as the case may be.

Compliance Committee means a committee comprised of a majority of non-executive members to oversee the Fund's compliance and the Responsible Entity's legislative, trustee and listing obligations.

GICS means the Global Industry Classification Standard.

Investment Grade means a credit rating of BBB-/Baa3 or better assigned by a credit rating agency. Higher rated borrowers with an investment grade rating generally allow companies to pay lower interest rates (e.g. coupon amount) on their debt when compared with lower rated borrowers.

Investment Strategy means the investment objectives, investment strategies, investment guidelines, permitted investments and elements of investment of the Trust as detailed in this PDS, in particular Section 5.

Maturity means the number of years left until a debt security repays its principal to the holder.

Unit means an unit in the Fund.

Unitholder means a registered holder of a Unit in the Fund.

US Person means a **"U.S. Person"** as defined in Rule 902 in Regulation S under the Securities Act of 1933 of the United States.

Withdrawal Form means the *Withdrawal Form*.