

1 June 2018

Changes to Fund Constitutions arising from the Attribution Managed Investment Trust (AMIT) regulations

Fiducian Investment Management Services Limited ABN 28 602 441 814 (**FIMS**) gives notice that it proposes to make amendments to the constitutions of the Fiducian India Fund ARSN 125 089 456 (**India Fund**) and the Fiducian Technology Fund ARSN 093 544 337 (**Technology Fund**) to facilitate the operation of the AMIT regulations for the 2017/18 financial year.

What is the purpose of this notice?

Pursuant to *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489*, FIMS is required to provide notice to unitholders that it intends to make amendments to the constitutions of the India Fund and Technology Fund to facilitate FIMS's ability to elect to participate in the AMIT regime.

FIMS confirms that it will elect to participate in the AMIT regime for the 2017/18 financial year upon the implementation of changes to the fund constitutions.

Who are "Unitholders" for the purposes of this notice?

Not all investors in the India Fund and Technology Fund are unitholders for the purposes of this notice.

If you have invested in these products through an investment platform (ie an IDPS or equivalent), then your platform provider will be the "unitholder" for the purposes of this notice, as they are the legal owners of units within the funds. As a result, only those persons who hold direct investments within the India Fund and Technology need to consider the unitholder actions that will be set out below.

What about the other Fiducian Funds?

Similar changes are being implemented across all other Fiducian Funds. The approval process for these changes has been undertaken in a manner which is consistent with our legal obligations. This has required us to seek consent from the identified unitholders and to communicate these changes to our auditors.

What is AMIT?

The Federal Government has implemented a new taxation regime for managed investment schemes by way of the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 (Cth)*. For the AMIT regulations to apply, FIMS must elect to comply with the new regulations.

Under the current tax regime, the net income of a fund is allocated to unitholders based on the unitholders proportionate share of the income of the fund to which they are presently entitled.

Under the AMIT regulations, unitholders will be taxed on the taxable income that is “attributed” to them by the fund on a fair and reasonable basis. Under this approach, a fund can attribute an amount of taxable income to unitholders that is more or less than the cash paid. If this occurs, AMIT ensures that an adjustment is made to the cost-base to avoid any double taxation in the hands of unitholders.

Why is FIMS electing to comply with AMIT?

FIMS has decided to elect to participate in AMIT commencing in the 2017/18 financial year for the following reasons:

- (1) **Certainty of tax status of the fund:** The AMIT regulation deems each fund to be a ‘fixed trust’, which enables the fund to avail itself of certain tax concessions such as offsetting trust losses.
- (2) **Flexibility:** The AMIT regulations will allow greater flexibility in attributing taxable income between unitholders on a fair and equitable basis.
- (3) **Efficiencies in administration:** The AMIT regulations allows the current practice of reconciling unders and overs when receiving and accounting for external fund distributions to continue. If FIMS did not elect to participate in AMIT, a unitholder can reasonably expect to receive amended annual tax statements to document the adjustment in distributions when a final or an amended distribution is received. This may require several annual tax statements to be updated, ie an adjustment made in the 2016FY would require the annual tax statements of 2016FY, 2017FY and 2018FY to be adjusted.
- (4) **Prevention of double taxation:** The ability to make cost base adjustments when cash distributions are different to taxable income recorded prevents double taxation of amounts attributed to unitholders.

Why is FIMS proposing to change the constitutions?

The inclusion and amendment of certain clauses within the constitutions is necessary for the funds to operate effectively under the AMIT regulations.

What are the proposed amendments to the constitutions?

FIMS will be amending the constitutions so that the India Fund and Technology Fund can operate effectively under the AMIT regulations. FIMS will amend the constitutions once the notice period described in “What unitholders need to do?” has been complied with, so to enable FIMS to elect to participate in the AMIT regulations for the 2017/18 financial year.

The amendments are summarised below.

Amendment	Description of the amendment
Distributable income, distribution and accumulation, attribution	<ul style="list-style-type: none"> • The existing provisions for determination of distributable income on present entitlement basis are retained and will apply for financial years to which the AMIT Regime does not apply. • A new provision requires distributable income for financial years to which the AMIT Regime applies to include the "Trust Components" that have an assessable income character, together with additional amounts FIMS considers appropriate (e.g. amounts referable to the discount capital gains concession). • A new provision to defer distribution of the distributable income for financial years to which the AMIT Regime applies to a later distribution period in the same financial year, or accumulate and not distribute the distributable cash. • A new provision provides the basis for attribution of components of taxable income to unit holders. It addresses specific requirements of the AMIT Regime, such as a "fair and reasonable basis" for attributions and that attributions must not be based on the "tax characteristics" of the unit holder.
New powers and protecting FIMS and unitholders as a result of powers and rights provided under the AMIT Regime	<ul style="list-style-type: none"> • New provisions provide FIMS with general powers, which include electing to opt-in to the AMIT Regime and powers otherwise necessary or desirable to operate the fund under the AMIT Regime. • New provisions provide FIMS with specific powers which are expected to be necessary for the fund to operate under the AMIT Regime, including determining taxable income components, making attributions to unit holders and issuing member statements for that purpose. • New provisions clarifying FIMS will not be liable in respect of, or as a consequence of, the exercise of powers provided to it for the purposes of the AMIT Regime. • New provisions seek to provide for FIMS to require unitholders and former unit holders to provide certain indemnities for tax and related costs and expenses incurred by FIMS. • A new provision gives FIMS a power to redeem a member's units to satisfy a right of indemnity under the AMIT Regime.
Incidental Changes	Incidental changes have been made to facilitate the proposed amendments; for example, to include specific definitions referable to the AMIT Regime.

Will there be other changes to the constitutions?

Yes, FIMS has determined to make other changes to the constitutions to ensure that they reflect current requirements under the Corporations Act. FIMS has assessed that these changes are not adverse to the rights of unitholders, and as a result, will not require unitholder approval consistent with the Corporations Act.

What unitholders need to do?

Unitholders will need to consider the proposed amendments that FIMS will make to the constitutions that have been detailed above under the heading, “*What are the proposed amendments to the constitutions?*”.

FIMS will proceed to amend the constitutions of the India Fund and Technology Fund as proposed **on or after 7 days from the date of this notice**. The amendments will be made unless FIMS receives requests to call and arrange a meeting of unitholders with at least 5% of the votes that may be cast on a special resolution to amend the constitution.

Should FIMS receive requests from unitholders who hold at least 5% of the votes that may be cast on the resolution to amend the constitution, then FIMS will call and arrange a meeting of unitholders to consider the amendments. Unitholders will receive a notice of meeting in writing if this is required.

If a unitholder of the India Fund or the Technology Fund wishes to request a meeting of unitholders to vote on the amendments, the following is to be noted:

- The request must be in writing.
- The request should include your name, investor reference number, the number of units held in the relevant fund, and state that you wish to call a vote of unitholders in relation to the AMIT changes to the constitution.
- The request may be sent to the following addresses:
 - By email to AMITChanges@fiducian.com.au
 - By letter to:

Company Secretary
Fiducian Investment Management Services Limited
GPO Box 4175
Sydney NSW 2001
- The request (whether made by email or mail) must be received by us by Friday 8 June 2018.

If you have any questions about this notice or the proposed amendments, please contact us by email at AMITChanges@fiducian.com.au or by calling us on (02) 8298 4600.