

14 June 2018

**CHANGES REQUIRED DUE TO INTRODUCTION OF TAX LAWS AMENDMENT (NEW TAX SYSTEM FOR MANAGED INVESTMENT TRUSTS) ACT 2016 (CTH)**  
**IMPORTANT NOTICE – PURSUANT TO SECTION 601GCA OF THE CORPORATIONS ACT 2001 (CTH)**

A new tax regime applying to managed investment trusts (which includes the Funds) has been enacted by the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 (Cth)* (the "**AMIT Regime**") which is intended to reduce complexity, increase certainty and minimise compliance costs.

For the reasons provided below, PM Capital, in consultation with the Manager, proposes to elect (where practicable) that the AMIT Regime applies to eligible Funds for the income year commencing 1 July 2017. As the AMIT Regime operates differently from the existing tax regime, before making the election for the AMIT Regime to apply to eligible Funds, PM Capital proposes to make amendments to the constitution of the Funds in order to facilitate the election into and operation of the AMIT Regime to these Funds.

The Australian Securities and Investments Commission (ASIC) has made *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489* which allows PM Capital to make the necessary amendments to the Funds' constitutions to facilitate the operation of the AMIT Regime without member approval, subject to meeting certain conditions. **This notice, which will be also published on the PM Capital website, is being given in satisfaction of the conditions.**

PM Capital considers that members of the Funds may benefit if the Funds are treated as an AMIT, for the following reasons:

- a) there will generally be greater clarity and certainty associated with the allocation of taxable amounts to members compared to the current "present entitlement" regime under which members are taxed based on their entitlement to a proportionate share of the trust income of the Fund;
- b) the AMIT regime permits the Fund to correct errors in the taxable income allocated to beneficiaries (referred to as "unders" and "overs") in the years in which they are discovered by a trustee, rather than the existing law which requires that trustees amend previous years' tax returns and notify the relevant beneficiaries of those amendments;
- c) there will be deemed "fixed trust" status and beneficiaries being treated as having vested and indefeasible interests in the income and capital of the AMIT throughout the income year. This will generally make it easier for AMITs to satisfy:
  - the trust loss rules requirements for carrying forward trust losses;
  - the franking credit rules which allow a trustee to distribute franking credits; and
  - eligibility for CGT scrip-for-scrip rollover relief; and
- d) members will be entitled to make upward adjustments to the cost base of their units in the AMIT where the distribution of cash they receive is less than their allocated share of the taxable trust

components. This minimises the potential for double taxation where the amount distributed differs from the taxable income of the AMIT.

Accordingly, PM Capital is proposing to amend the Funds' constitutions by inserting new provisions which:

- empower PM Capital to make a choice for each Fund to be an AMIT;
- empower PM Capital to comply with the requirements under tax law relating to the administration and operation of AMITs (for example, providing for the attribution of various components of taxable income of the Fund to members in a manner consistent with the AMIT Regime including attribution of assessable income, exempt income and non-assessable non-exempt income amongst members on a fair and reasonable basis as required by the AMIT Regime);
- empower PM Capital to exercise discretions in the tax law relating to the administration and operation of AMITs (for example, permit PM Capital to exercise its powers to address unders and overs of the Fund, in the manner permitted by the AMIT Regime and permit PM Capital to direct an amount arising from the sale of an asset to a specific member on redemption where the relevant amount is used to fund the redemption);
- place an obligation on PM Capital to produce relevant documentation and distribution statements to reflect the attribution of income of the Fund as required by the AMIT Regime;
- insert a member acknowledgement that the RE is permitted to address unders and overs of the Fund in the manner permitted by the AMIT Regime;
- make provision for a process by which members may object to the basis of the attribution of the income of the Fund under the AMIT Regime and require that the objecting member indemnify PM Capital for all costs and liabilities incurred as a result of the objection; and
- making various incidental amendments to facilitate the operation of the AMIT Regime, for example, include specific definitions referable to the AMIT regime.

These rules will apply for each financial year during which each Fund is an AMIT.

If you would like further information, or a copy of the proposed amendments, you may request a copy of the constitution to be emailed to you by contacting PM Capital at [pmcapital@pmcapital.com.au](mailto:pmcapital@pmcapital.com.au) or phone +612 8243 0888.

***PM Capital believes the amendments are in the best interests of members and intends to approve them unless it receives requests from members with at least 5% of the total votes in the Funds to call and arrange to hold a meeting of members to consider and vote on a special resolution to modify the constitution as proposed. You may request a meeting by sending an email to [pmcapital@pmcapital.com.au](mailto:pmcapital@pmcapital.com.au). All requests must be received by 5pm on Friday 22 June 2018.***

Yours sincerely  
**PM Capital Limited**

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PM Capital Limited (ABN 69 083 644 731, AFSL 230222) ("**PM Capital**") is the responsible entity of:

- PM Capital Global Companies Fund (ARSN 092 434 618);
- PM Capital Australian Companies Fund (ARSN 092 434 467);
- PM Capital Asian Companies Fund (ARSN 130 588 439); and
- PM Capital Enhanced Yield Fund (ARSN 099 581 558),

(referred to as the "**Fund**" or collectively as the "**Funds**" as the context requires).

PM Capital, in its capacity as responsible entity of the Funds, has engaged MAPP Pty Ltd (ACN 117 306 162, "**MAPP**") as investment manager (the "**Manager**") of the Funds. MAPP is a corporate authorised representative of PM Capital Limited (authorised representative number 302779).