



## Important Additional Information

20 May 2024

This document is issued by Yarra Funds Management Limited ('YFM') ABN 63 005 885 567, AFSL number 230 251. YFM is referred to throughout this document as the 'Responsible Entity', 'we', 'us' or 'our'. YFM is referred to throughout this document as the 'Responsible Entity', 'we', 'us' or 'our'. YFM is part of the Yarra Capital Management Group. In this document, YFM and its related bodies corporate are referred to as the 'Yarra Capital Management Group'. The information in this document forms part of the Product Disclosure Statements ('PDS') for the following funds:

<b>Funds</b> (collectively the 'Funds', individually, the 'Fund')	<b>Referred to in this document as</b>	<b>PDS Dated</b>
Yarra Australian Bond Fund*	Australian Bond Fund	20 March 2023
Yarra Australian Equities Fund	Australian Equities Fund	20 March 2023
Yarra Australian Smaller Companies Fund	Australian Smaller Companies Fund	20 March 2023
Yarra Emerging Leaders Fund	Emerging Leaders Fund	20 March 2023
Yarra Emerging Leaders Fund (Class A)	Emerging Leaders Fund	20 March 2023
Yarra Enhanced Income Fund	Enhanced Income Fund	20 March 2023
Yarra Enhanced Income Fund (Class A)	Enhanced Income Fund	20 March 2023
Yarra Ex-20 Australian Equities Fund	Ex-20 Australian Equities Fund	20 March 2023
Yarra Global Share Fund*	Global Share Fund	20 March 2023
Yarra Global Small Companies Fund	Global Small Companies Fund	20 May 2024
Yarra Growth Fund*	Growth Fund	20 March 2023
Yarra Income Plus Fund	Income Plus Fund	20 March 2023

\* Yarra Capital Management Limited ABN 99 003 376 252, AFSL 237563 ('YCML'), a related body corporate, is the investment manager of these funds. YCML is part of the Yarra Capital Management Group.

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

## 1. Contributions, withdrawals and Unit pricing

### Withdrawal proceeds

We will direct credit withdrawal proceeds to your nominated bank or financial institution account in Australia. If we are unable to pay your withdrawal proceeds to you electronically (i.e. we cannot successfully credit your nominated bank account).

The Funds' constitutions provide that your withdrawal proceeds will include a capital and, if we in our discretion determine, an income component. Withdrawals will generally be comprised of a capital component only, unless we consider a particular withdrawal is a significant proportion of the total value of the Fund.

### Use of telephone and facsimile information and facsimile withdrawal facilities – terms and conditions

These terms and conditions do not apply to the Australian Bond Fund, the Global Share Fund, or the Growth Fund.

You may request certain information in relation to your investment by telephone provided you meet our caller verification requirements. You may request to withdraw Units from your investment or request information in relation to your investment by way of mail or facsimile transmission to the **Investor Services team**, see page 19. By making any such request you agree to be bound by the terms and conditions relating to the use of a Facility as set out below. The following terms and conditions apply if you elect to use the telephone information facility or facsimile information and withdrawal facility ('Facility').

- a. Neither you, nor any person on your behalf, has any claim against the Fund, us or any of our officers, employees or directors in relation to the following:
  - i. the use or purported use of a Facility by you or any other person;
  - ii. a breach by you or any other person of any of the terms and conditions of a Facility; and/or
  - iii. any payments made or purported or omitted to be made, or any action taken or purported or omitted to be taken in relation to a Facility, regardless of whether the claim arises from an unauthorised use of a Facility, except in cases where the claim is attributable to our negligence or fraud.
- b. You indemnify and release and discharge us or our officers, directors and employees from and against all claims and all costs or expenses (including legal expenses on a full indemnity basis) incidental to such claims or incurred in respect of claims, whether made by you or any other person, arising out of the following:
  - i. the use or purported use of a Facility by you or any other person;
  - ii. a breach by you or any other person of any of the terms and conditions of a Facility; and/or
  - iii. any payments made or purported or omitted to be made, or any action taken or purported or omitted to be taken in relation to a Facility, regardless of whether the claim or loss arises from an unauthorised use of a Facility, except to the extent that the claim is attributable to our negligence or fraud.
- c. You must safeguard all information required by us to either access your account information using a Facility or transact on your account using the facsimile withdrawal facility in order to avoid any fraudulent or unauthorised use of a Facility and you must immediately notify us if you believe any such information has been disclosed to another person or stolen.
- d. We may assume that a person who claims to be acting on your behalf (a third party) and who claims to have your authority and is able to give us sufficient information, is in fact acting on your authority, unless you have acted strictly in accordance with term (c) above.
- e. We may vary these terms and conditions regarding use of a Facility by giving you written notice of the variations.
- f. By giving notice, we may terminate your right to use a Facility.

You may only change account details in relation to your investment if you send an original, signed instruction to the **Investor Services team**, see page 19.

### **Fax terms and conditions - Australian Bond Fund and Growth Fund only**

These terms and conditions apply to the Australian Bond Fund and Growth Fund only.

A person without your authority could send us a fax pretending to be you and withdraw monies from your account for their own benefit.

If you use a fax, you agree that YCML or any member of the Yarra Capital Management Group is not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses.

In the event that such a fraud takes place, you agree to release and indemnify YCML or any member of the Yarra Capital Management Group against any liabilities whatsoever arising from acting on any fraudulent communication received by fax in respect of your investment.

We will only act on completed communications. In the case of a fax, a transmission certificate from your fax machine is not sufficient evidence that your fax was received. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

These terms and conditions are in addition to any other requirements that may form part of you giving your instructions relating to the completion of a particular authority. By sending us a withdrawal request by fax, you signify your acceptance of these conditions.

We may cancel or vary the terms of the fax services by giving 14 days' written notice to you.

### **Fax terms and conditions - Global Share Fund only**

These terms and conditions apply to the Global Share Fund only.

A person without your authority could send us a fax pretending to be you and withdraw monies from your account for their own benefit.

If you use a fax, you agree that YCML nor any member of the Yarra Capital Management Group or Nikko AM Group is not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses.

In the event that such a fraud takes place, you agree to release and indemnify YCML nor any member of the Yarra Capital Management Group or Nikko AM Group against any liabilities whatsoever arising from acting on any fraudulent communication received by fax in respect of your investment.

We will only act on completed communications. In the case of a fax, a transmission certificate from your fax machine is not sufficient evidence that your fax was received. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

These terms and conditions are in addition to any other requirements that may form part of you giving your instructions relating to the completion of a particular authority. By sending us a withdrawal request by fax, you signify your acceptance of these conditions.

We may cancel or vary the terms of the fax services by giving 14 days' written notice to you.

### **Payment errors**

In the event that we make an error in the processing of a Unitholder contribution or withdrawal request, we reserve the right to amend the error on discovery.

In the event we make an error by crediting an amount to your account to which you were not entitled, we reserve the right to recover any such amounts.

## Investor identification requirements

Australia's Anti-Money Laundering and Counter Terrorism Financing ('AML/CTF') legislation requires us to collect identification information and documentation from our investors.

As a general rule you will need to provide supporting identification documentation:

- if you do not have any existing accounts with us; or
- if you do have existing accounts with us, but want to open an additional account:
  - that will be in a different name to the existing accounts (for example, in your family company's name or a joint account with someone else who does not have an existing account with us); or
  - that will be in a different capacity to the existing accounts (for example, as trustee for a trust, a deceased estate or a person under the age of 18, or on behalf of an unincorporated association).

You may also be required by us to provide supporting identification documentation in certain other circumstances.

For details on what customer identification information is required, please visit [www.yarracm.com/forms](http://www.yarracm.com/forms) or you can request a customer identification form from your adviser or Investor Services.

Investors investing via a financial adviser should check with their adviser whether supporting identification documentation is required, as we may have made other arrangements with them.

We cannot process your application without completed customer identification information and additional identification documentation. We may decide to delay or refuse any request or transaction until such time as we have received the requested information and the identity of the investor is verified in accordance with AML/CTF legislation.

## US Person

Units in the Funds are not available for purchase by investors in the United States of America or by any other United States of America person or persons ('US Persons').

The term 'US Person' includes:

- a. any natural person resident in the United States of America;
- b. any partnership or corporation organised or incorporated under the laws of the United States of America;
- c. any estate of which any executor or administrator is a US Person;
- d. any trust of which any trustee is a US Person;
- e. any agency or branch of a foreign entity located in the United States of America;
- f. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- g. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States of America; and
- h. any partnership or corporation if:
  - i. organised or incorporated under the laws of any foreign jurisdiction; and
  - ii. formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended (the 'securities Act'), unless it is organised or incorporated and owned by 'accredited investors' (as defined in Rule 501(a) under the securities Act) who are not natural persons, estates or trusts.

## Transfer of Units

You may transfer Units in the Fund to another person. To facilitate this, you must provide us with:

1. a standard transfer form signed and completed by both the Unitholder transferring the Units and the prospective Unit transferee; and
2. an Application for Investment Form completed by the prospective Unit transferee along with any required supporting identification documentation.

Units will not be transferred until such time as we are satisfied we have all documentation we require and we are satisfied all investor identification procedures that we consider necessary under AML/CTF Law have been completed.

Unitholders should also note that the Fund's constitution may give us the discretion to decline to register the transfer of any Units in other circumstances.

A transfer of Units involves a disposal of Units, which may have tax implications for you (see the 'Taxation' section on page 16). Unitholders should obtain their own legal and tax advice before requesting any transfer.

Transfer forms are available at [www.yarracm.com/forms](http://www.yarracm.com/forms) or on request from Investor Services.

## In-specie transfers

Provided the Fund's constitution allows for it, we may in our absolute discretion, but are not obliged to, allow the transfer of assets (in-specie transfers) for contributions and withdrawals (instead of cash). No buy (or sell) spread will be applied to the contribution (or withdrawal) for such in-specie transfers. The value of the assets to be transferred will be determined by us as at the same time the entry/exit Unit price is calculated.

The following Funds' constitutions allow for in-specie transfers:

Fund	Contributions	Withdrawals
Australian Bond Fund	Yes	Yes
Australian Equities Fund	Yes	Yes
Australian Smaller Companies Fund	Yes	Yes
Emerging Leaders Fund	Yes	No
Enhanced Income Fund	Yes	Yes
Ex-20 Australian Equities Fund	Yes	No
Global Share Fund	No	Yes
Global Small Companies Fund	Yes	No
Growth Fund	Yes	No
Income Plus Fund	Yes	No

## Adding to your investment

We cannot accept investments from third parties (e.g. from an account that is not in your name).

Additional investments can be made by:

- Electronic Funds Transfer ('EFT') using the following details:

Bank: Citibank  
BSB: 242-000  
Account Name: YFML Application 1017E Trust Account  
Account Number: 240237008

Reference: your eight-digit investor number (which can be found on your investor statements or alternatively requested by contacting Investor Services).

Please ensure you use the correct reference for your EFT. Failing to do so may result in delays unitising your deposit.

- BPAY® if you have already made an initial investment in any Fund. BPAY® is currently only available for the Australian Bond Fund, Global Share Fund and Growth Fund.

### BPAY® Biller Code

- 266858

### BPAY® Customer Reference Number ('CRN')

The CRN is a ten-digit number which is a combination of the:

- two-digit BPAY® fund code (found in the table below) and
- eight-digit investor number (which can be found on your investor statements or alternatively requested by contacting Investor Services)

Fund	BPAY® fund code
Australian Bond Fund	53
Global Share Fund	55
Growth Fund	54

Example: If you wish to make an additional investment into the Australian Bond Fund and your investor number is 12345678, then your ten-digit BPAY® CRN will be 5312345678.

Investments made by BPAY® will be processed once we receive your money. Please note that, although your BPAY® transaction is processed from your financial institution account immediately, your funds may take some time to be transferred to us from your financial institution. Typically, if your BPAY® request is made before your financial institution's cut-off time (usually before 6pm on a Business Day), we will receive your funds the following Business Day, at which point Units in the applicable Fund will be issued.

BPAY® is registered to BPAY Pty Ltd ABN 69 079 137 518.

Additional investments are made on the basis of the Fund's PDS current at the time the investment is received. Please ensure you have read the current PDS for the Fund you are investing in, before making an additional investment. The latest PDS is available at [www.yarracm.com/pdsupdates](http://www.yarracm.com/pdsupdates) or on request from Investor Services.

## Additional information for New Zealand investors – Global Share Fund only

The offer in the PDS for the Global Share Fund to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 7 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand ([www.fma.govt.nz](http://www.fma.govt.nz)). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial product is not New Zealand dollars. The value of the financial product will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial product to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in the offer document for the Global Share Fund is available only in Australia and is not available in New Zealand.

## 2. Risks relating to managed investment schemes

The information in this section sets out some of the risks that apply to managed investment schemes.

The following table summarises the important investment related risks that apply to the Funds, although these are not the only risks. The descriptions that follow the table should be read in conjunction with the table.

	Call/Extension risk	Conversion and equity risk	Counterparty risk	Credit risk	Currency risk	Derivative risk	Extension risk	Global investment risk	Hedging risk	Interest rate risk	Investment specific risk	Liquidity risk	Market risk	Mid cap and small cap risk	Underlying fund risk
Australian Bond Fund			✓	✓	✓	✓			✓	✓	✓	✓	✓		
Australian Equities Fund			✓		✓	✓					✓	✓	✓		
Australian Smaller Companies Fund			✓		✓	✓					✓	✓	✓	✓	
Emerging Leaders Fund			✓		✓	✓					✓	✓	✓	✓	
Enhanced Income Fund	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		
Ex-20 Australian Equities Fund			✓		✓	✓					✓	✓	✓	✓	
Global Share Fund			✓		✓	✓		✓			✓	✓	✓		✓
Global Small Companies Fund			✓		✓	✓		✓			✓	✓	✓	✓	
Growth Fund			✓		✓	✓		✓		✓	✓	✓	✓		✓
Income Plus Fund	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		

✓ Important

### Call/Extension risk

This is the risk that an issuer of a fixed income security held (such as a mortgage-backed security) will repay principal on that security:

- Earlier than expected:  
This may happen when there is a decline in interest rates and/or credit spread. Under these circumstances, a Fund may be unable to realise the yield initially expected and will also suffer from having to reinvest in lower yielding securities.
- Later than expected:  
This may happen when there is a rise in interest rates and/or credit spread. Under these circumstances, the value of the fixed income securities will decrease and the Fund may suffer a capital loss, although there may be some offset due to higher yields.

### Conversion and equity risk

Conversion risk is the risk that at the time of maturity of a convertible security, the asset which is issued on conversion may be of reduced value. Equity risk is the risk that a security which is convertible or converting into equity securities of the issuer may fall in value as the worth or value of that issuer falls. These risks are especially of relevance to hybrid (debt/equity) securities where a security's price can correlate directly to its equity component or conversion rights.

### Counterparty risk

This is the risk that a Fund's direct or indirect trading counterparties, including derivative counterparties, a custodian, an issuer or guarantor of fixed income securities or another entity that holds part of a Fund's underlying assets or investments, becomes insolvent or cannot otherwise meet their obligations.

### Credit risk

This is the risk that the issuer of a financial product (such as a fixed interest security) will be unable to satisfy its obligations under the terms of the relevant financial product. These obligations can include the payment of scheduled coupons or other distributions, or the repayment of capital on maturity.

A decline in the credit quality of an issuer of a financial product held by a Fund could also result in that Fund suffering a loss on those financial products.

### Currency risk

This is the risk that currency movements will adversely affect the value of global investments to which a Fund is exposed.

A Fund that is hedged significantly reduces its exposure to currency risk by substantially hedging its overseas exposure back to Australian dollars.

### Derivative risk

Derivatives are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index or interest rate (such as forwards, futures, options, warrants and swaps). The use of derivatives involves risk different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments, depending on the characteristics of the particular derivative and a Fund as a whole. Due to the leveraged nature of some of the instruments, as the market value of the derivative position is variable, gains or losses can be incurred and be magnified.

The market for many derivatives is, or can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. No assurance can be given that a liquid market will exist for any particular derivative contract at any particular time.

### Extension risk

This is the risk of a security's face value not being repaid at the first possible repayment date, resulting in the issuer electing to extend the terms of the security to a final maturity date or perpetual terms.

### Global investment risk

This risk is that a Fund has exposure to shares or derivative instruments issued in foreign markets and economies. Differences in macroeconomic factors, regulations, shares trading and settlement procedures can impact the value of the Fund's investment. Global investments may also be exposed to developing or emerging markets, which carry risks because of political and social uncertainty (like conflict and war), economic instability, delivery difficulties, failed or late settlement of market transactions and registration and custody of securities, less developed regulatory controls and higher inflation.

### Hedging risk

Hedging a portfolio involves 'locking in' a known rate of currency exchange, using forward exchange contracts. Hedging involves costs and some implementation risks. Due to a range of factors there is a risk that the hedging strategy may result in the currency exposures from time to time being under or over hedged.

### Interest rate risk

This is the risk that movements in interest rates will adversely affect the value of the assets in a Fund. The price of fixed income and hybrid securities will generally, but not always, act in a contrary manner to movements in interest rates.

Typically, if interest rates increase, the price of fixed rate securities will fall. Floating rate instruments, which have their coupons adjusted on a regular basis, will be generally less sensitive to interest rate movements.

### Investment specific risk

This refers to the inherent risk of an investment made by a Fund (e.g. an investment in a particular company's shares) that could adversely affect that Fund's performance.

### Liquidity risk

This is the risk that investments and trading positions cannot be closed out or unwound quickly at appropriate prices and converted back into cash. Such risk arises particularly when investments are made in securities or financial instruments traded on an irregular or infrequent basis. These circumstances could prevent a Fund from liquidating unfavourable positions promptly and could subject that Fund to substantial losses.

### Market risk

This is the risk of being exposed to a particular investment market, such as global investment markets, or the Australian share, hybrid or fixed income market. The performance of these markets can be affected by many factors including, but not limited to, prospects of individual companies, general economic conditions, interest rates, and the level of inflation and taxation changes. Movements in investment markets will result in the value of the Fund's underlying assets, and the value of your investment, moving up or down.

### Mid cap and small cap risk

A Fund may, from time to time, through its investments, be exposed to companies with a small market capitalisation and recently formed companies. The securities of small capitalisation and mid capitalisation companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements. Securities of such issuers may lack sufficient market liquidity to enable sales at an advantageous time or without a substantial drop in price. Both mid cap and small cap companies often have narrower markets and more limited managerial and financial resources than larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a Fund's portfolio. Generally, the smaller the company size, the greater these risks.

### Underlying fund risk

Where a Fund substantially invests in an underlying fund it is subject to the terms and conditions including the risks of the underlying fund. The investment performance of the Fund is affected by the investment performance of the underlying fund. Changes to the underlying fund may also have an impact on the Fund.

### The following risks and disclosures apply to all the Funds, unless specified otherwise:

#### Borrowing risk

The Funds may borrow to finance withdrawals or to distribute income. In addition, with the exception of the Enhanced Income Fund, Global Small Companies Fund and Australian Smaller Companies Fund (borrowing is allowed to facilitate the settlement of any acquisition of underlying assets), the Funds will not borrow for investment purposes.

#### Country, legal, tax and regulatory risk

This is the risk of being exposed to the regulatory (including tax and legal), economic and/or political climate in the countries in which a Fund invests or has exposure to. These risks may adversely affect investments held in those countries as well as impact on a Fund's performance.

Where there are material changes to tax laws in either Australia or any other relevant jurisdiction, you should be aware that these changes may result in your investment in a Fund no longer achieving your investment and/or taxation objectives.

#### Cyber security risk

This is the risk of fraud, business disruption, data loss or damage to the information of a 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 Yarra Capital Management Group or other service providers (including agents and counterparties). This may result in a disruption of services, including our ability to process application and redemption requests.



## Fund risk

This is the risk that a Fund could terminate, the fees, expenses and costs could change, or the investment manager and/or strategy could change. We have the discretion to increase fees and expenses or change the investment manager in relation to any of the Funds, in which case we would provide you with at least 30 days' prior notice. We have the discretion to terminate a Fund.

Investing in a Fund may produce different results than investing directly because of income or capital gains accrued in the relevant Fund and the consequences of investment and withdrawal by other investors. This can be magnified where few investors (or a single investor) hold a substantial interest in a Fund or underlying fund. In such a scenario, large withdrawals from those investors may cause us to consider fee and expense increases, suspend applications and withdrawals in the relevant Fund, and/or terminate the relevant Fund.

A Fund may be constrained by the amount of money that we believe can be accepted without compromising the efficient management of the relevant Fund. To ensure the Funds remain efficient and competitive we have the discretion to close the Fund to new investments (including from existing investors) from time to time. A Fund may not be able to be efficiently managed if the value of its assets is low. This may result in termination of the relevant Fund.

Where a Fund invests some or all of its assets in a portfolio or a share class of another fund (an 'Underlying Fund'), including an offshore Underlying Fund, there may be a risk of cross-contamination between the portfolios and/or share classes of the Underlying Fund. This would result in the Fund having exposure to the liabilities of other portfolios and/or share classes of the Underlying Fund, and not only the portfolio or share class in which it has invested. Where a portfolio or share class of an Underlying Fund is 'ring-fenced' under the laws of a particular jurisdiction, or is internally segregated with the intention to eliminate the risk of cross-contamination, there can be no assurance that, should an action be brought against the Underlying Fund in the courts of another jurisdiction or by third party creditors, such segregation will be recognised and upheld.

If a Fund was to be liquidated, that Fund's general creditors (including but not limited to us) will rank ahead of Unitholders for repayment. Unitholders will be entitled to a proportionate share of the residual balance (if any). This sum may be less than your initial investment. Further, if the Responsible Entity itself was to become insolvent, it is possible that both the Fund's general creditors and also other creditors of the Responsible Entity (not related to the Fund) may rank ahead of Unitholders for repayment. The law is not settled in this respect.

## Investment strategy risk

Funds are managed in accordance with a specific investment philosophy and process which may not suit all market conditions. Investment philosophies and processes may include growth, value, or style neutral investment styles. When market conditions do not align with a Fund's investment philosophy and process, a Fund is more likely to experience periods of underperformance relative to its benchmark. Funds target their investment return objective over a suggested minimum investment timeframe.

## Investment manager risk

This is the risk that the investment manager's investment approach or strategy may not achieve the performance objectives or produce returns that are positive. The investment manager may change its investment strategies and internal trading guidelines over time, and there is no guarantee that such changes would produce positive results. Changes in key personnel may also impact on the investment returns of the Fund.

## Unitholder liability risk

The constitution of each Fund generally limits your liability to the value of the Units you hold in that Fund. However, we cannot absolutely assure you that you would not be liable to contribute to a Fund if there were a deficiency, because the law is not settled in this respect.

The constitutions do, however, allow us to recover from you any taxes or other amounts that we are required to pay because you hold Units in the relevant Fund or transact on your investment.

## Conflicts of interest and related party transactions

YFM is part of the Yarra Capital Management Group. In this document, YFM and its related bodies corporate are referred to as the Yarra Capital Management Group. YFM acts as the responsible entity for a range of registered managed investment schemes, and as investment manager and adviser to a number of institutional (which may include corporations, financial institutions and superannuation funds, governments or high net worth clients) client portfolios in Australia and abroad. A related party, Yarra Capital Management Services Pty Ltd, provides certain services including but not limited to, resources for investment management and fund administration services to YFM. Yarra Capital Management Services Pty Ltd provides these services on commercial terms.

In April 2021, the Yarra Capital Management Group acquired the Australian business of the Nikko AM Group ('NAM Group'). Each Fund and Underlying Fund may invest or engage in transactions with entities for which we, a related entity or a member of the NAM Group, are trustee, responsible entity or manager ('Related Funds'). There is no limit on the level of investment in Related Funds.

Subject to the constitution of each Fund, we may appoint any of our related entities or a member of the NAM Group to provide services or perform functions in relation to each Fund, including acting as our delegate. A related entity or a member of the NAM Group is entitled to earn fees or other benefits in relation to any such appointment and to retain them for its own account. These fees will be paid by us or YCML and will not be an additional cost to you.

A Fund may also enter into transactions through purchasing assets from, or selling assets to, other funds or accounts of which we are the investment manager and/or responsible entity for. Such transactions will be performed on arm's length commercial terms (unless otherwise permitted by law). From time to time, companies in the Yarra Capital Management Group, its officers, staff or other related parties may also invest on their own accounts in Funds issued and managed by YFM, as well as in securities held by the Funds or client portfolios managed by YFM. As such, in performing its various roles as responsible entity and investment manager, conflicts of interest may arise regarding our duties to the Funds and their unitholders, portfolios we manage, and our own interests. All such conflicts will be managed, monitored, controlled and resolved in accordance with the applicable laws and Yarra Capital Management Group has a Conflicts of Interest Policy and other policies designed to manage such conflicts. Our policies require all employees and directors of the Yarra Capital Management Group to ensure that any actual or potential conflicts are appropriately identified and managed, and are designed to ensure they are resolved in a manner so as to avoid any adverse impact on the financial services received by our clients.

### Withholding tax risk due to FATCA

Certain payments to the Funds of US source interest or dividends (as well as other similar payments) and certain payments made after 31 December 2018 attributable to gross proceeds from the sale or other disposition of property that could produce US source interest or dividends will be subject to a withholding tax of 30% unless various reporting requirements are met. In particular, these reporting requirements may be met if, among other things, the Responsible Entity on behalf of each Fund registers with the Internal Revenue Service of the United States ('IRS'), obtains certain information from each Unitholder, and discloses some of this information to the Australian Commissioner of Taxation or the IRS. Unitholders that fail to provide the required information could become subject to this withholding tax in respect of all or a portion of any withdrawal or distribution proceeds paid by the Funds after 31 December 2018. No assurance can be given that the Funds will not be subject to this withholding tax. Unitholders should consult their own tax advisers regarding the potential implications of this withholding tax. This and certain other tax risks associated with an investment in the Funds are disclosed in the 'Taxation' section on page 16.

## 3. Fees and costs

### Consumer Advisory Warning

#### DID YOU KNOW?

**Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.**

**For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.**

#### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

## Fees and costs summary

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> The fees and costs for managing your investment	<b>0.30% p.a. to 1.25% p.a. of the net asset value of the relevant Fund or class of the relevant Fund.</b> Based on a constant investment of \$50,000 the amount in dollars is \$150 p.a. to \$625 p.a. The amount you pay for specific Funds is shown in each Fund's (or class of Units for that Fund) PDS.	Management fees and costs comprise management fees, expense recoveries and indirect costs. Management fees and expense recoveries (if any) are calculated daily and charged to the Fund before determining Unit prices. They are paid quarterly by the Fund following the end of each quarter, with the exception of the Australian Bond Fund and Growth Fund, where they are paid monthly by the Fund. Indirect costs are charged as and when incurred by the Fund. Certain sophisticated and/or professional investors may negotiate a rebate of management fees. For more information on negotiating a rebate please see 'Professional investors and differential fees' in the 'Additional explanation of fees and costs' section.
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Not applicable.	Not applicable.
<b>Transaction costs*</b> The costs incurred by the scheme when buying or selling assets	0.00% p.a. to 0.15% p.a. of the net asset value of the relevant Fund or class of the relevant Fund. Based on a constant investment of \$50,000 the amount in dollars is \$0 p.a. to \$75 p.a. The amount you pay for specific Funds is shown in each Fund's (or class of Units for that Fund) PDS.	Transaction costs incurred are deducted from the assets of the relevant Fund (or class of Units for that Fund) as and when they are incurred.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)</b>		
<b>Establishment fee</b> The fee to open your investment	Not applicable.	
<b>Contribution fee</b> The fee on each amount contributed to your investment	Enhanced Income Fund Ex-20 Australian Equities Fund Global Small Companies Fund Australian Smaller Companies Fund Global Share Fund All other Funds	Nil Nil Nil Nil Nil Not applicable
<b>Buy/sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	+0.05% to +0.45% / -0.05% to -0.45%	The buy/sell spread is paid when your money moves in or out of the relevant Fund (or class of Units for that Fund).
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Enhanced Income Fund Ex-20 Australian Equities Fund Global Small Companies Fund Global Share Fund All other Funds	Nil Nil Nil Nil Not applicable
<b>Exit fee</b> The fee to close your investment	Not applicable.	
<b>Switching fee</b> The fee for changing investment options	Not applicable.	

'Not applicable' means there is no right for the fee to be charged by the Responsible Entity. 'Nil' means the fee is permitted under the constitution but currently the fee is not charged.

\* Transaction costs shown in the Fees and costs summary are net of costs recovered from the application of the buy/sell spread to transacting investors. For more information on transaction costs please see 'Transaction costs' in the 'Additional explanation of fees and costs' section.

## Additional explanation of fees and costs

### Goods and services tax ('GST')

The Funds may be required to pay GST on management and other fees and expenses. However, where available, the Funds will claim input tax credits for the GST incurred. All references to management fees and costs, contribution fees and withdrawal fees are quoted inclusive of the net impact of GST to the Funds (i.e. any GST payable has been reduced by any input tax credits or reduced input tax credits, where applicable) at the rates applying on the date of this document. All other fees and charges are quoted in this document inclusive of GST where applicable, unless otherwise stated. Please refer to the taxation information in the PDS for each Fund and Section 4 of this Important Additional Information document for further information.

### Breakdown of the management fees and costs

The management fees and costs comprise:

- management fees;
- certain expense recoveries charged to a Fund or class (if any) and, if applicable, the Fund's proportion of certain expenses of any interposed vehicles; and
- indirect costs.

It does not include:

- where applicable, any buy and sell spreads; and
- certain transaction costs (see below).

The following provides more information on the management fees and costs (which is reflected in the table above) charged by the Funds as allowed by the Funds' constitutions. These are not additional fees.

### Management fees

We receive an annual management fee calculated as a fixed percentage of the net asset value of each Fund or class of a Fund. The fee is calculated daily and paid quarterly, with the exception of the Australian Bond Fund and Growth Fund, where the fee is calculated daily and paid monthly.

### Expense recoveries

The Funds will incur certain expenses and administration costs which may include custodian fees, audit fees, investment management and fund administration fees. These expenses and costs may be paid directly by the Funds or by us and reimbursed to us by the Funds on a quarterly basis.

We currently choose to cap the amount of expenses recoverable from each Fund in each year to between 0.00% p.a. and 0.25% p.a. of the net asset value of the relevant Fund or class of a Fund. For the Australian Bond Fund, Global Share Fund, and the Growth Fund, we have elected not to charge expense recoveries as at the date of this PDS, although may do so in future. For each other Fund, see each specific Fund's (or the class of Units for that Fund) PDS for the amount of expense recoveries for each Fund.

Any amount that is in excess of the cap will be borne by YFM without being charged to Unitholders. We reserve the right to:

- recover expenses incurred in any income year in a later income year subject to the expense recovery cap being met; and
- cease paying for expenses that exceed the cap in the future where it is no longer economical for us to do so.

### Indirect costs

In general, indirect costs are any amounts that we know, or reasonably ought to know, will directly or indirectly reduce the returns on a Fund, or reduce the amount or value of, the income or assets of a Fund (including an underlying investment of the Fund). These costs are not directly charged or retained by us. Indirect costs may include fees charged by interposed vehicles, including custody fees. Indirect costs are reflected in the Unit price of your investment in the Fund.

For the Australian Bond Fund, Global Share Fund, and the Growth Fund, we have elected not to charge indirect costs as at the date of this PDS, although may do so in future. For each other Fund, see each specific Fund's (or the class of Units for that Fund) PDS for the amount of indirect costs for each Fund.

### Historical management fees and costs

Historical management fees and costs\* for the Funds are set out below for reference.

Fund	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020
Australian Bond Fund	0.30%	0.30%	0.30%
Australian Equities Fund <sup>#</sup>	0.90%	0.90%	0.93%
Australian Smaller Companies Fund <sup>^</sup>	1.10%	1.09%	n/a
Emerging Leaders Fund	1.25%	1.25%	1.25%
Emerging Leaders Fund - Class A <sup>^</sup>	0.70%	n/a	n/a
Enhanced Income Fund <sup>§</sup>	0.55%	0.58%	0.78%
Enhanced Income Fund - Class A <sup>~</sup>	0.50%	0.50%	n/a
Ex-20 Australian Equities Fund <sup>†</sup>	0.90%	0.90%	0.93%
Global Share Fund	0.99%	0.99%	0.99%
Global Small Companies Fund	1.25%	1.25%	1.25%
Growth Fund <sup>∞</sup>	1.15%	1.15%	1.22%
Income Plus Fund	0.68%	0.68%	0.68%

\* Certain sophisticated and/or professional investors may negotiate a rebate of management fees.

<sup>#</sup> The management fees and costs were reduced on 20 November 2019 to 0.90% p.a. from 0.95% p.a. of the net asset value of the Fund.

<sup>^</sup> Historical management fees and costs for the year ended 30 June 2020 are unavailable as the ordinary class of the Australian Smaller Companies Fund commenced on 21 June 2021.

<sup>^</sup> Historical management fees and costs for the year ended 30 June 2020 and 30 June 2021 are unavailable as Class A of the Emerging Leaders Fund was launched on 27 October 2021.

<sup>§</sup> The historical management fees and costs of the Fund are for the ordinary class of Units. The management fees and costs were reduced on 12 August 2020 to 0.55% p.a. from 0.78% p.a. of the net asset value of the Fund for the ordinary class of Units.

<sup>~</sup> Historical management fees and costs for the year ended 30 June 2020 are unavailable as Class A of the Enhanced Income Fund was launched on 12 August 2020.

<sup>†</sup> The management fees and costs were reduced on 20 November 2019 to 0.90% p.a. from 0.95% p.a. of the net asset value of the Fund.

<sup>∞</sup> The management fees and costs were reduced on 1 August 2019 to 1.15% p.a. from 2.00% p.a. of the net asset value of the Fund.

The historical management fees and costs may not be a reliable indication of future years' management fees and costs.

### Could the management fees and costs increase?

For the Funds where we charge expense recoveries, we currently choose to cap the amount of expenses recoverable in each year. Any amount that is in excess of the cap will be borne by YFM without being charged to Unitholders. We reserve the right to cease paying for expenses that exceed the cap in the future where it is no longer economical for us to do so. YFM also reserves the right to defer the recovery of any expenses incurred in any year to a later year provided that the expense recovery in any later year does not exceed the expense recovery cap. Indirect costs may also increase in the future. Should either of these occur:

- the Funds' management fees and costs will increase (but we will provide you with at least 30 days' prior notice); or
- we may advise you of our intention to terminate any or all of the Funds.

Any increase in management fees within the limits in the constitutions of the Funds can be made without Unitholders' consent subject to the provision of at least 30 days' prior notice.

### Maximum fees under the constitutions

#### Management fees

Under the relevant constitution, the maximum management fee that can be charged (unless investors approve an amendment to the terms of the constitution by special resolution) is:

- 1.00% p.a. of the net asset value of the relevant Fund (excluding deductions for accrued management fees and certain transaction costs) for the Australian Equities Fund, Emerging Leaders Fund and Income Plus Fund;
- 5.00% p.a. of the total asset value of the Australian Smaller Companies Fund;
- 4.10% p.a. of the net asset value (excluding deductions for accrued management fees and certain other fees and transaction costs) for the Enhanced Income Fund;
- 2.05% p.a. of the net asset value of the relevant Fund (excluding deductions for accrued management fees and certain other fees and transaction costs) for the Ex-20 Australian Equities Fund and Global Small Companies Fund;
- 0.90% p.a. of the net asset value of the Australian Bond Fund (exclusive of GST);
- 2.00% p.a. of the value of the investments of the Global Share Fund (exclusive of GST); and
- 4.00% p.a. of the net asset value of the Growth Fund (exclusive of GST).

### Contribution fee

The constitutions of the Ex-20 Australian Equities Fund, Global Small Companies Fund and Australian Smaller Companies Fund provide for a contribution fee of up to 5.125% of the value of each application to invest in the relevant Fund.

The constitution of the Enhanced Income Fund provides for a contribution fee of up to 4.10% of the value of each application to invest in the Fund.

The constitution of the Global Share Fund also allows for a contribution fee to be charged, but does not prescribe a maximum amount. At present no contribution fees are charged.

### Withdrawal fee

The constitutions of the Enhanced Income Fund, Ex-20 Australian Equities Fund and Global Small Companies Fund provide for a withdrawal fee of up to 5.125% of the value of each withdrawal made from the relevant Fund.

The constitution of the Global Share Fund also allows for a withdrawal fee to be charged, but does not prescribe a maximum amount. At present no withdrawal fees are charged.

### Professional investors and differential fees

We may negotiate different (including lower) management fees with certain sophisticated or professional (i.e. wholesale) investors (as defined in the Corporations Act 2001 (Cth)).

These arrangements reflect terms privately agreed between us and each sophisticated or professional investor. We will be under no obligation to make arrangements on these terms available to all other investors (including other sophisticated or professional investors).

### Transaction costs

The Funds may incur transaction costs, such as brokerage, settlement costs, custody costs on settlement, certain government taxes and other costs associated with dealing in the underlying investments. These costs are not included in management fees and costs and are an additional cost to the investor where it has not already been recovered by the buy-sell spread charged. The transaction costs shown in the Fees and costs summary are shown net of any amount recovered by the buy-sell spread. The gross transaction costs incurred by each of the Funds for the year ended 30 June 2022, expressed as a percentage of the total average net assets of the relevant Fund was as follows:

Fund	Year ended 30 June 2022	Example on a \$50,000 investment
Australian Bond Fund	0.03%	\$15
Australian Equities Fund	0.08%	\$40
Australian Smaller Companies Fund	0.12%	\$60
Emerging Leaders Fund	0.15%	\$75
Enhanced Income Fund	0.03%	\$15
Ex-20 Australian Equities Fund	0.11%	\$55
Global Share Fund	0.04%	\$20
Global Small Companies Fund	0.06%	\$30
Growth Fund	0.07%	\$35
Income Plus Fund	0.01%	\$5

All or a portion of these costs were recovered by the buy and sell spreads (see below) charged to Unitholders who invested in or withdrew from each Fund during the year ended 30 June 2022. The remainder of these costs, if any, are borne out of the assets of the relevant Fund.

These costs are not new costs being imposed on the Funds, these costs were incurred previously and reflected in the Unit price.

The amount of these costs will vary from year to year depending on the volume and value of transactions of the underlying assets and the brokerage that is charged.

### Buy and sell spreads

If you make contributions to or withdrawals from a Fund, that Fund may need to buy or sell assets and incur associated transaction costs. These charges tend to vary between different asset classes and different countries. In order to reduce the risk of other Unitholders being penalised when one Unitholder invests in or withdraws from the Fund, and to help cover any other transaction costs incurred in the operation of the Fund, we may apply a buy and sell 'spread'. The monetary value of the spread stays in the Fund to cover transaction costs – it is not a fee paid to us.

The buy (sell) spread is an additional cost to the Unitholder. The buy spread is the percentage amount that is included in and which increases the Unit price payable on contributions into a Fund (**purchase price**). The sell spread is the percentage amount included in and which decreases the Unit price payable on withdrawals from a Fund (**redemption price**). The buy and sell spreads provided are estimates only of the transaction costs and may differ from the exact costs each time a Unitholder invests in or withdraws from a Fund. The difference between the purchase price and the redemption price is known as the buy/sell spread.

The buy (sell) spread paid in dollar terms is affected by the roundings which are built into the calculation of the entry (exit) Unit price and the rounding applied to contributions (withdrawals).

For example, a \$50,000 investment into (withdrawal from) a Fund with a 0.15% buy (sell) spread will indirectly incur a cost of approximately \$75. The actual amount will vary due to the roundings built into the calculation of the entry (exit) Unit price and the rounding applied to your contributions (withdrawals).

In determining the estimated buy and sell spreads, we consider what the actual costs have been in the past and accordingly, these costs may change over time.

The current buy (sell) spreads are included in the PDS for each Fund. We reserve the right to alter these spreads.

### Swing price Adjustment – Global Share Fund only

The Global Share Fund substantially invests its assets in a portfolio or a share class of another fund, the Nikko AM Global Equity Fund (for the purposes of this section, the 'Underlying Fund'). The Underlying Fund may suffer a reduction in value, known as 'dilution' when trading the underlying investments as a result of net inflows or net outflows of the Underlying Fund. This is due to transaction charges and other costs that may be incurred by liquidating and purchasing the underlying assets and the spreads between the buying and selling prices.

The company operating the Underlying Fund ('Company') may adopt a swing pricing mechanism as part of its valuation process. This is to protect shareholders' interests and counter the impact of dilution in the Underlying Fund. If swing pricing is applied to the Underlying Fund on a particular valuation day, the Fund's Unit price will be impacted.

This means that in certain circumstances, the Company may make adjustments to the NAV per share to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

If, on any valuation day, the aggregate net investor(s) transactions in the Underlying Fund exceed a pre-determined threshold, the NAV per share may be adjusted upwards or downwards to reflect the costs attributable. Typically, such adjustments will increase the NAV per share of the Underlying Fund when there are net subscriptions into the Underlying Fund and decrease the NAV per share when there are net redemptions out of the Underlying Fund. The Company is responsible for setting the threshold for the Underlying Fund, which will be a percentage of the net assets of the Underlying Fund. The threshold is based on objective criteria such as the size of the Underlying Fund and the dealing costs for the Underlying Fund, and may be revised from time to time.

The percentage by which the NAV per share of the Underlying Fund is adjusted will be set by the Company and subsequently reviewed on a periodic basis to reflect an approximation of current dealing and other costs. The extent of the adjustment may vary due to different transaction costs in certain jurisdictions on the sell and the buy side, but may not exceed 3% of the original NAV per share under normal market circumstances. The adjustment may be increased up to 5% in exceptional market circumstances (such as high market volatility, hostilities causing market disruption, a serious pandemic or natural disaster). The NAV per share of each share class in the Underlying Fund will be calculated separately but any adjustment will be made at the Underlying Fund level and in percentage terms, equally affecting the NAV per share of each share class. If swing pricing is applied to the Underlying Fund on a particular valuation day, the NAV adjustment will be applicable to all transactions placed on that day.

As a consequence of the application of swing pricing, the volatility of the Underlying Fund's NAV may be higher than the volatility of the Underlying Fund's portfolio.

### Unit pricing discretions policy

We maintain a Unit pricing discretions policy regarding how we will exercise the discretions reserved to us in the Fund's constitution in relation to the calculation of Unit entry (buy spread) and exit prices (sell spread) on the future issue and withdrawal of Units. We also record any exercise of our discretion in relation to Unit prices which is outside the scope of, or inconsistent with, this Unit pricing discretions policy ('Additional Discretions'). A copy of this policy and instances of our use of Additional Discretions (if any) are available from us on request, at no charge, by contacting our **Investor Services team**.

### Monetary benefits to Platforms

To the extent permitted by law, we may pay fees to investor directed portfolio services, investor directed portfolio-like services, and equivalent superannuation platform and wrap service providers (collectively 'Platforms'), where they include one or more of our managed investment schemes on their menu. These fees are not a separate charge to you or the Fund.

### Alternative forms of remuneration

We may participate in sponsorship of certain industry events on a commercial basis and we may from time to time enter into arrangements to accept research services in return for brokerage placements. Where such arrangements are in place, they are not an additional cost to you, but rather, are paid by the Responsible Entity. We will not pay any remuneration if it is prohibited by the law. We have a number of written internal policies which dictate circumstances in which we can and cannot participate in alternative forms of remuneration. We only ever participate in alternative forms of remuneration where it is in accordance with such policies.

## 4. Taxation

Warning: Investing in a managed investment scheme is likely to have tax consequences. It is strongly recommended that investors obtain advice from their professional advisers particular to their own circumstances prior to investing in or otherwise dealing with their Units.

### Taxation of the Funds

The Funds will be Australian resident trusts for Australian income tax purposes and the income of the Funds should 'flow through' to Unitholders on the basis that Unitholders will either be presently entitled to the income of the Funds each financial year where the Fund is not an Attribution Managed Investment Trust ('AMIT'), or on the basis that Unitholders have had income 'attributed' to them on a 'fair and reasonable basis' when the Fund is an AMIT (this income attribution will be advised to investors in an Attribution MIT Member Annual Statement (referred to as an AMMA statement). This will be provided to investors within three months of the end of the income year). On this basis, the Funds themselves should not pay any Australian income tax.

If a Fund incurs a tax loss, that tax loss cannot be passed on or attributed to Unitholders for income tax purposes. However, any tax losses can be carried forward by that Fund and, subject to that Fund satisfying various requirements, can be offset against relevant assessable income derived by that Fund in a later year.

Funds which qualify as Managed Investment Trusts ('MIT') are able to make an irrevocable election to apply deemed 'capital account' treatment for gains and losses on disposal of certain investments. Where the Funds satisfy the requirements of a MIT, the Responsible Entity has determined the appropriateness of the deemed CGT election for each Fund and where appropriate has made the election.

The responsible entity for each Fund has elected to adopt the AMIT regime from 1 July 2017 for all the Funds (except for the Global Share Fund, Growth Fund, and the Australian Bond Fund) as they satisfy the definition of an AMIT. Yarra Investment Management Limited (ABN 34 002 542 038, AFSL 229664), a previous responsible entity of the Global Share Fund, Growth Fund, and the Australian Bond Fund, also elected to adopt the AMIT regime from 1 July 2017 for those Funds, as they also satisfy the definition of an AMIT. The Australian Government passed tax legislation in May 2016 applicable to eligible managed investment schemes called the AMIT regime. The AMIT regime was established by the Australian Government to provide eligible managed investment schemes with an exclusive set of tax rules to replace the existing tax rules if the responsible entity of the Fund elects for this regime to apply to the Fund. Where a managed investment scheme meets the eligibility criteria and the responsible entity makes an election to apply the AMIT rules, the Funds become Attribution Managed Investment Trusts (AMITs).

If the Fund is an AMIT, the following applies:

- The Fund can attribute an amount of income to investors that is greater than the cash paid which results in an increase in the cost base of an investor's holding by the amount attributed in excess of cash.
- The Fund may direct income and/or capital gains to a particular investor in certain circumstances, such as for large redemptions.
- Where the amount of income estimated for the Fund at year end is different to the amount calculated, the difference (called 'unders' or 'overs') can be carried forward and adjusted in the year in which the difference is discovered.
- It provides certainty as to the tax status of the Fund and its entitlement to certain tax concessions, including a deemed 'fixed trust' status for tax purposes.

If the Fund is not an AMIT, net income and realised net capital gains generated by the fund will typically be fully distributed to investors based on their proportionate share of the income to which they are 'presently entitled'. Investors are in turn assessed for tax on their share of the distribution based on their individual circumstances. An annual tax statement detailing relevant taxation information for the income year will be provided to investors within three months of the end of the income year.

Going forward, the Responsible Entity will monitor the Fund's MIT/AMIT status on an annual basis.

### Taxation of individual resident Unitholders

The distribution or attribution of income to Unitholders may comprise various amounts, including Australian sourced and foreign sourced dividends, interest, capital gains, revenue gains, franking credits, foreign income tax offsets, any cost based adjustments relevant for MITs or AMITs and may also include a return of capital. The Responsible Entity will arrange for Unitholders to receive an annual tax statement setting out the components of their distributions in respect of that year. The sum of these components may differ to the amount of cash distribution that Unitholders receive.

Unitholders will be assessed on their share of the net taxable income of the relevant Fund in the income year to which their entitlement relates (or that is attributed to them if the relevant Fund is an AMIT) even though the distribution may only be received in the following year and irrespective of whether the income is reinvested into additional Units.

The Funds may distribute or attribute franked dividends and foreign sourced income. Subject to the requirements of the tax law, a Unitholder may be entitled to a tax offset for any franking credit on the franked dividends and a foreign income tax offset ('FITO') in respect of foreign income on which foreign tax has been paid. These credits and FITO amounts are not cash receipts but will generally be included in the calculation of a Unitholder's taxable income. Depending upon particular circumstances, a Unitholder may be able to offset these credits/FITOs against their Australian tax liability or, in the case of franking credits, certain Unitholders may be paid a refund if the franking credits exceed their total tax liability. Any FITOs that cannot be utilised in an income year are forfeited and cannot be carried forward.



Where a Fund makes a distribution or attribution which includes a discounted net capital gain, Unitholders may be required to gross up the net capital gain (that is, multiply the discounted capital gain by two in order to add back the effect of the capital gain tax discount, if any). Unitholders may then apply any capital losses they have to reduce the grossed up capital gain. Where applicable, Unitholders may be able to apply the capital gains tax discount (50% for individuals and certain trusts and 33.33% for complying superannuation funds) to arrive at their net capital gain. This amount should be included in the calculation of the Unitholder's taxable income.

Where investors hold Units in the Funds through a Platform and have absolute entitlement to the Units in the relevant Fund as against the Platform, for capital gains tax purposes, the relevant investor is regarded as holding the Units in their own capacity. Investors should seek independent professional advice as to whether or not they have absolute entitlement.

The withdrawal or transfer of Units will generally constitute a disposal for capital gains tax purposes. Where the Units have been held for at least 12 months, any gain made on the disposal may be eligible for the capital gains tax discount.

Investors should obtain specific professional advice about the availability of the capital gains tax discount.

In the case of a non-AMIT, the distribution of certain amounts (typically tax deferred amounts or where the cash distribution exceeds the amount of the distribution that is subject to tax), will reduce the Unitholders' cost base of their Units. In the case of an AMIT, Unitholders cost base of their Units may be reduced or increased. This generally depends on the difference between the amounts paid and the amounts attributed by the AMIT to the Unitholders. Any cost base adjustments will alter the assessable capital gain or capital loss the Unitholders will make when they ultimately dispose of their Units. If the cost base of the Units is reduced to nil, any further cost base reductions will result in the Unitholders deriving a capital gain at that point in time.

### Taxation of non-resident Unitholders

Distributions or attribution of income to non-resident Unitholders may have tax withheld by the Responsible Entity. The rate of withholding will depend on the nature of the amount distributed or attributed, whether the Fund is a withholding MIT, the address for payment and the Unitholder's country of residence. Non-resident Unitholders may be entitled to a credit in their country of residence for the Australian tax withheld. Non-resident Unitholders should seek specific tax advice in their home country.

Non-resident Unitholders should generally not be subject to Australian tax on capital gains realised on the withdrawal or transfer of Units in the Funds unless the market value of the particular Fund is predominantly attributable to interests in real property and the Unitholder holds a non-portfolio interest (10% or more interest) in that Fund.

### Taxation reform

The Australian tax system is in a continuing state of reform. Any reform to the tax system creates a degree of uncertainty, whether it is uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process.

Tax reforms may impact on the tax position of the Funds and their Unitholders. The Responsible Entity will continue to monitor the impact of tax reforms on the Funds. In addition, investors should also closely monitor the progress of these reforms, and in this context, it is strongly recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Funds.

### Tax File Number ('TFN'), exemption and Australian Business Number ('ABN')

It is not compulsory for Unitholders to quote their TFN or claim an exemption, however if they do not, the Responsible Entity is required to deduct tax at the highest marginal rate plus any applicable levies such as the Medicare levy from any income payable to the Unitholder. If a Unitholder has an ABN and is making this investment in the course of a business carried on by the Unitholder, they may wish to quote their ABN rather than their TFN.

### Withholding tax under FATCA

Pursuant to US withholding provisions commonly referred to as the Foreign Account Tax Compliance Act ('FATCA'), certain payments of US source fixed or determinable, annual or periodic income, certain payments made of gross proceeds from the sale or other disposition of property that could produce US source interest or dividends, and certain payments (or a portion thereof) made by a foreign financial institution to a foreign financial institution or other foreign entity may be subject to a withholding tax of 30% unless it is compliant with various reporting requirements under FATCA. The United States has entered into an intergovernmental agreement with the Government of Australia regarding the implementation of FATCA by Australian financial institutions (the 'Australia IGA'). Under FATCA and the Australia IGA, each Fund will be treated as a 'foreign financial institution' for this purpose. As a foreign financial institution, in order to be compliant with FATCA, the Responsible Entity on behalf of each Fund will be required to register with the IRS and will need to, among other requirements: obtain and verify information on all of its Unitholders to determine which Unitholders are 'Specified U.S. Persons' (i.e., U.S. persons for U.S. federal income tax purposes other than tax-exempt entities and certain other persons) and, in certain cases, non-U.S. persons whose owners are Specified U.S. Persons ('U.S. Owned Foreign Entities'); and annually report information on its Unitholders that are non-compliant with FATCA, Specified U.S. Persons and U.S. Owned Foreign Entities to the Commissioner of Taxation of the Australian Taxation Office (the 'Australian Commissioner'). The Australian Commissioner will exchange the information reported to it with the IRS annually on an automatic basis. No assurances can be provided that the Funds will be exempt from this 30% withholding tax.

New Investors will be required to provide their US Tax Identification Number (TIN) or confirm that they are not a US person for FATCA purposes. This declaration is included within the customer identification form for each investor type. Copies of the customer identification form are available at [www.yarracm.com/forms](http://www.yarracm.com/forms) or on request from your adviser or Investor Services. We may also be required to request this information from existing investors.

Any Unitholder that fails to produce the required information or is otherwise not compliant with FATCA may be subject to 30% withholding on all or a portion of any or distribution made by the Funds. Moreover each Unitholder that is a Specified U.S. Person should be aware that, as a result of an investment in the Funds, the IRS may be provided information relating to such Unitholder, pursuant to the provisions of the Australian IGA, directly or indirectly by the Funds.

These rules are unlikely to have any financial impact on Unitholders who are not US citizens and can sufficiently demonstrate their Australian tax residence.

#### **Organisation for Economic Cooperation and Development Common Reporting Standard**

Each Unitholder should be aware that Australia has implemented the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the 'CRS'). To comply with the CRS requirements, we are required to collect additional information from Unitholders. This information, including personal identifiers and details about a Unitholder's investment in the Fund, may be reported to the Australian Commissioner. The Australian Commissioner will exchange that information annually with the tax authorities of jurisdictions that sign and implement the CRS in which those Unitholders are tax resident. Each Unitholder should be aware that, as a result of an investment in the Funds, the tax authorities in the Unitholder's jurisdiction of tax residence may be provided information relating to such Unitholder, pursuant to the CRS, directly or indirectly by the Funds.

We are prohibited from processing an application until all of the information and supporting documentation to comply with the CRS requirements is provided to us.

THIS SUMMARY DOES NOT PROVIDE LEGAL, TAX OR ACCOUNTING ADVICE. CLIENTS SHOULD OBTAIN INDEPENDENT TAX ADVICE BASED ON THEIR PARTICULAR SITUATION.

## Office of the Responsible Entity

### Registered office

Level 19  
101 Collins Street  
Melbourne Vic 3000

### Contact details – Investor Services team

Telephone	+61 3 9002 1980
Freecall	<b>1800 034 494</b> (Australia only)
Facsimile	1300 154 458
Facsimile	+61 1300 154 458 (Overseas)
Email	<b>ist@yarracm.com</b>
Website	<b>www.yarracm.com</b>

### Applications may be mailed to:

Investor Services team  
GPO Box 764  
Melbourne VIC 3001

