

PERPETUAL DIVERSIFIED REAL RETURN FUND

Additional information

IMPORTANT NOTES

The information in this document forms part of Product Disclosure Statement issue number 2 dated 31 January 2014 for Perpetual Diversified Real Return Fund (PDS) and should be read in conjunction with the PDS.

It contains important additional information about:

- how the Fund works
- the features and benefits of the Fund
- fees and costs
- how managed investment schemes are taxed.

We may update this document where we can according to the Fund's constitution and the law. The updated document will be available at our website and you can also obtain a copy free of charge upon request. You should keep a copy of this document and any updates to it for your reference.

ADDITIONAL INFORMATION

Dated 31 January 2014

Issued by Perpetual Investment Management Limited
ABN 18 000 866 535 AFSL 234426

Perpetual 

HOW THE FUND WORKS

Unless otherwise indicated, the information in this section applies to **direct investors** only.

INVESTMENTS

DIRECT DEBIT

You can authorise us on your application form to debit investment amounts directly from your nominated Australian bank, building society or credit union account.

We are unable to debit a third party account, so you must be a party to the bank account nominated for direct debits. For joint investors, at least one investor must be a party to the nominated account.

We will initiate direct debit drawings automatically upon acceptance of your instruction and we will not advise you beforehand. To avoid potential dishonours by your financial institution and any associated charges, it is your responsibility to ensure that:

- direct debit is available from any account you nominate
- your nominated account has a sufficient balance available to meet any authorised direct debits.

DIRECT DEBIT REQUEST SERVICE AGREEMENT

If you elect to make investments (including savings plan – see ‘Savings plan’ below) by direct debit authority, you must read and accept the terms of our Direct Debit Request Service Agreement, which is publicly available at our website (see ‘Other documents’ on page 4 for details) or can be obtained free of charge by contacting us.

BPAY

BPAY is a convenient way for you to make additional investments in the Fund from your cheque or savings account using the phone or online banking facilities provided by most Australian banks, building societies and credit unions.

If you indicate on your application form that you want to make additional investments in the Fund by BPAY, we’ll send you a Customer Reference Number (CRN). You can also apply for a CRN at any other time by contacting us.

You can then simply remit additional investment amounts to us by BPAY, quoting your CRN and the Fund’s **BPAY biller code 4899282**.

SAVINGS PLAN

With a savings plan, you can make regular investments in the Fund automatically by direct debit from your nominated Australian bank, building society or credit union account.

The minimum savings plan investment is \$100, which can be made as follows:

- fortnightly – on alternate Thursdays (as set by us)
- monthly (default frequency) – on the 20th of the month
- quarterly – on the 20th of January, April, July and October.

If any of these days aren’t business days, the next business day will apply.

Please contact us if you wish to change the investment amount or frequency, or cancel your savings plan.

We can terminate, suspend or impose additional conditions on the operation of your savings plan at any time with notice to you.

WITHDRAWALS

You can withdraw all or part of your investment in the Fund at any time as long as you maintain a minimum balance (currently \$25,000) in the Fund after any partial withdrawal from the Fund, otherwise we may close your account and pay the balance of your investment to you.

Please complete the withdrawal form available at our website or include the following information in your withdrawal request and ensure that it is signed by the authorised signatory:

- your client number and account number
- the name of the Fund
- the number of units or amount to be withdrawn
- your payment instructions.

Withdrawal requests can be cancelled at any time before we have accepted them by notifying us.

Generally your withdrawal proceeds can be:

- invested into your existing account in Perpetual Cash Management Fund (if applicable) or
- deposited into a nominated Australian bank, building society or credit union account.

Withdrawals will not be paid in cash.

Withdrawal proceeds that are paid directly into your nominated account are subject to clearance by your bank, building society or credit union from the date of deposit into your account.

Withdrawals of money invested by direct debit request, at our discretion, may be required to be paid back into the account from which it was debited.

The proceeds from your withdrawal will usually be available within seven business days from when we have accepted the request, given normal operating conditions. The maximum period allowed under the Fund’s constitution for payment of withdrawals, after we have accepted the request, is 150 days.

We will confirm all withdrawals in writing.

If you withdraw your units before the end of a distribution period, you won’t receive a distribution for those units in that period. Your withdrawal amount will generally include your share of distributable income accrued in the Fund to the date of withdrawal as capital.

We may determine that part of your withdrawal amount represents a share of the distributable income including realised net capital gains for that distribution period. We will advise you if this happens.

PHONE WITHDRAWALS

Please complete the relevant section of the application form if you wish to be provided with a Personal Identification Number (PIN) for making withdrawals of up to \$50,000 (or another amount that we may set and advise you) per day by phone. You should keep your PIN secure at all times and advise us immediately if you suspect it has been compromised.

For your protection, we won’t accept phone withdrawal requests for deposits to accounts that have not been previously nominated by the investor by mail.

Conditions apply to the phone withdrawal facility (see ‘Other conditions’ on page 5 for details).

REGULAR WITHDRAWAL PLAN

The regular withdrawal plan provides a convenient way for you to receive automatic payments from your investment for pre-determined amounts at nominated intervals. For example, if you are relying on your investment to provide you with a regular income (other than distribution payments), this facility eliminates the need for you to lodge a separate withdrawal request each time.

The minimum withdrawal amount for the regular withdrawal plan is \$100. To establish a regular withdrawal plan, you must also maintain a minimum balance of \$25,000 in the Fund.

You can choose regular withdrawals to be paid:

- monthly – as at the 24th of each month
- quarterly – as at the 24th of January, April, July and October
- half-yearly – as at the 24th of January and July or
- yearly (default frequency) – as at the 24th of July.

If any of these days aren't business days, the next business day will apply.

The proceeds of your regular withdrawal plan withdrawals will:

- only be deposited into your nominated Australian bank, building society or credit union account
- usually be available in your nominated account within seven business days, given normal operating conditions.

Please contact us if you wish to change the frequency or amount, or cancel your regular withdrawal plan.

We may cancel your regular withdrawal plan if a partial withdrawal (including regular withdrawal plan withdrawal) reduces your account balance in the Fund to less than \$25,000 (or another amount that we may set and advise you).

We can terminate, suspend or impose additional conditions on the operation of your regular withdrawal plan at any time with notice to you.

FAX AND EMAIL INSTRUCTIONS

We currently accept various instructions, including withdrawal requests, by fax or scanned attachment to email provided we have no reason to believe the request isn't genuine. However, for your protection, we won't accept fax or email requests in relation to withdrawals for deposits to accounts that have not been previously nominated by the investor by mail.

Conditions apply to fax and email withdrawal requests (see 'Other conditions' on page 5 for details).

DISTRIBUTIONS

ALL INVESTORS

A distribution is the payment of the Fund's distributable income to investors at predetermined intervals. The distributable income may include interest, dividends, foreign income, realised net capital gains and other income (see 'Tax' on page 9 for further information). The components of a distribution will depend on the nature of the Fund's underlying assets.

At the end of each distribution period, the Fund's unit price will typically fall as it is adjusted to reflect the amount of any distribution paid. As the distribution amount you receive is based on the entire distribution period, the closer you invest before the end of a distribution period the greater the possibility is that you may receive back some of your capital as income in the distribution paid for that period.

The distribution frequency and effective dates for distributions for the Fund are shown in the PDS. Proceeds are generally paid within 21 days. However, the Fund's constitution allows up to 90 days after the end of the distribution period.

The Fund's constitution lets us make special distributions on an interim basis without prior notice to you. However at 30 June each year, investors will be entitled to all distributable income that hasn't been distributed.

Any realised net capital gains are generally included in the 30 June distribution.

You still have to pay tax on the distribution even if you choose to reinvest it – see 'Distributions' under 'Tax' on page 9 for details.

DISTRIBUTION PAYMENT OPTIONS FOR DIRECT INVESTORS

You can choose to have your distributions:

- reinvested in the Fund
- invested in your existing account in Perpetual Cash Management Fund (if applicable) or
- deposited into your Australian bank, building society or credit union account.

If you don't make a choice or if we're unable to credit your nominated account (if applicable), we'll reinvest your distribution.

Distribution reinvestments will be reinvested as at the first day of the month following the end of the distribution period. The reinvestment price will be based on the net asset value price (that is, excluding a buy spread) calculated on the last business day of the distribution period, adjusted for any distribution paid for that period.

HOW UNITS ARE PRICED AND INVESTMENTS ARE VALUED

Unit prices for the Fund are calculated by:

- establishing the net asset value of the Fund
- for entry unit prices – adding the applicable transaction costs (buy spread) to the net asset value and then dividing the adjusted net asset value by the number of units on issue to determine the entry unit price
- for exit unit prices – deducting the applicable transaction costs (sell spread) from the net asset value and then dividing the adjusted net asset value by the number of units on issue to determine the exit unit price.

We generally determine the net asset value of the Fund on each business day. Valuations may also be made when money is deposited into, or withdrawn from, the Fund. The net asset value is calculated by deducting the value of the Fund's liabilities from the value of its gross assets.

The net asset value of investments in the Fund includes unrealised gains and losses and any income and realised gains accrued but not yet distributed. If unrealised gains are realised in the future, any assessable portion will be distributed to investors.

Investments are valued at their market value. In all cases, we determine the calculation method according to the Fund's constitution. For the Fund's investments in any other managed funds, the market value will normally be based on the exit price of the units in the underlying fund(s). We generally calculate and apply entry and exit unit prices each business day. However, if necessary, we may use a different method of valuation where the previously calculated price, or next available price, is used.

We can defer the calculation of unit prices where permitted by the Fund's constitution and the law. For example, if significant delays occur where an underlying fund does not calculate or provide a price, transactions requiring the purchase and/or sale of units in the Fund may not be processed until the underlying fund's unit price is determined.

A copy of our unit pricing policy, including details of any discretions that we may exercise in various circumstances, is available at our website or can be obtained free of charge by contacting us.

YOUR PRIVACY

Privacy laws apply to our handling of personal information. We will not be able to process your application or administer your investment if you do not provide us with your personal information.

We will collect, use and disclose your personal information in accordance with our privacy policy. You have a right to seek access to information which we hold about you, although there are some exceptions to this.

Our privacy policy is publicly available at our website (see 'Other documents' on this page for details) or you can obtain a copy free of charge by contacting us.

ANTI-MONEY LAUNDERING/COUNTER-TERRORISM FINANCING LAWS

Under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act), we are required to:

- verify your identity before providing services to you
- where you supply documentation relating to your identity, keep a record of this documentation for seven years after the end of your relationship with Perpetual.

As a result:

- transactions may be delayed or refused where we require further information regarding your identity or we have reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country
- where transactions are delayed or refused, we are not liable for any loss you suffer (including consequential loss) as a result of our compliance with the AML Act.

Where required by law, we may disclose your information to regulatory or law enforcement agencies, including the Australian Transaction Reports and Analysis Centre (AUSTRAC), which is responsible for regulating the AML Act.

Customer identification requirements for individual investors are collected in the application form. All other prospective investors must complete the relevant 'Customer identification form', which is publicly available at our website or can be obtained free of charge on request.

We are not liable for any loss you may suffer as a result of our compliance with our legal obligations.

RIGHTS OF DIRECT INVESTORS

Each unit you hold in the Fund confers a proportional beneficial interest in the Fund. However, you're not entitled to any particular part of the Fund, its assets or its management or operation (other than through investor meetings).

The Fund's constitution limits your liability to the value of your interest or units in the Fund. However, the courts are yet to conclusively determine the effectiveness of these provisions so no absolute assurance can be given that your liability is limited in every situation.

OTHER DOCUMENTS

The following documents, which are relevant to direct investors only, are also publicly available from www.perpetual.com.au/drrfupdates or can be obtained free of charge by contacting us:

- Direct Debit Request Service Agreement
- Online Account Access conditions of use
- our privacy policy.

You should also read these other documents if relevant to any features that you've chosen in relation to your investment in the Fund.

CONTINUOUS DISCLOSURE DOCUMENTS

The Fund may be subject to certain regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, any ASIC office. All investors may obtain a copy of the following at our website or from us free of charge on request:

- the Fund's annual financial report most recently lodged with ASIC
- any half-yearly financial reports lodged with ASIC by the Fund after lodgement of that annual report
- any continuous disclosure notices given by the Fund after that date of lodgement of that annual report and
- any other material updates.

FEATURES AND BENEFITS

Unless otherwise indicated, the information in this section applies to **direct investors** only.

MORTGAGE OF UNITS

We may, in our absolute discretion, note certain mortgagee interests over an investment. Please contact us for further information.

TRANSFER OF UNITS

With our consent, you may transfer units in the Fund to another person by providing us with a signed and completed standard transfer form (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 (see 'Tax' on page 9 for more details).

INSTRUCTIONS AND CHANGES

Please contact us to advise of any changes to your name, address/contact details, bank account, etc and to provide other details/instructions.

All changes to bank account details must be made in writing by mail. Any acceptable changes by phone can only be made after we've confirmed your identity.

When requesting any new features or changes/cancellations involving transactions (eg distribution payments), we must receive your instructions at least **five business days** before a transaction date for it to apply to the next transaction.

Conditions may apply depending on the way you provide instructions to us, as set out under 'Other conditions' on this page.

AUTHORISED REPRESENTATIVE

You can appoint a person, partnership or company as your authorised representative by nominating them on your application form and having them sign the relevant section. Your authorised representative will be empowered to act on your behalf in all matters relating to your investment in the Fund.

Conditions apply to the appointment of an authorised representative, as set out under 'Other conditions' on this page.

ONLINE ACCOUNT ACCESS

Online Account Access via our website provides easy and convenient online access for you to:

- check the total value of your investment in the Fund
- view your account summary, the number of units, unit price and current balance of the Fund
- review your recent transaction history
- check your contact details.

You can also elect to receive email notification of new account correspondence (including any notification we are required to provide under the Corporations Act) as it becomes available, so that you can then view it online (although there may be times when we must also send online correspondence to you in paper form). For security reasons, this email won't include any of your confidential information, nor will it provide a link to our website.

Unless you indicate otherwise on your application form, we'll mail you a Login ID and temporary password (separately for security reasons) together with activation instructions.

We may provide joint investors, trustees of superannuation funds/trusts, companies, partnerships and trustee company accounts with more than one Login ID and temporary password for Online Account Access.

CONDITIONS OF USE

To be able to use Online Account Access, you must accept the conditions of use (which are publicly available at our website (see 'Other documents' on page 4 for details) or can be obtained free of charge by contacting us) and change the temporary password we've provided to a password of your choice when you first login to Online Account Access.

ACCESS BY AUTHORISED REPRESENTATIVES

If you appoint an authorised representative, you can request us to issue them with a unique Login ID and temporary password for Online Account Access and specify their level of online access to either:

- view your account only or
- view and transact on your account (default access).

ACCESS BY YOUR ADVISER

We'll also give your adviser access to view details about your investment and transact online on your behalf unless you ask us not to. You can cancel your adviser's access at any time by instructing us in writing.

OTHER CONDITIONS

A direct investor that appoints an authorised representative (including an adviser) or uses the phone, fax or email facilities (as applicable) to provide instructions to us:

- acknowledges that they are bound by the acts of their authorised representative
- releases, discharges and agrees to indemnify us and each other member of the Perpetual Group from and against all losses, liabilities, actions, proceedings, accounts, claims and demands arising from instructions we receive under the facility and
- agrees that a payment or purported payment made according to the conditions of the facility shall be in complete satisfaction of our obligations or those of any other member of the Perpetual Group to the investor for a payment, even if it was requested, made or received without the knowledge or authority of the investor.

FEES AND COSTS

The following table and other information in this section provides further details about the fees and costs that you may be charged for investing in the Fund and should be read in conjunction with the PDS. You should read all information about fees and costs because it's important to understand their impact on your investment.

Unless otherwise stated, all fees and other costs disclosed in this document are inclusive of the net effect of GST.

FEES AND OTHER COSTS

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND		
Establishment fee The fee to open your investment	Nil.	Not applicable.
Contribution fee The fee on each amount contributed to your investment	Nil. ^{1,2}	Not applicable.
Withdrawal fee The fee on each amount you take out of your investment	Nil. ^{1,2}	Not applicable.
Exit fee The fee to close your investment	Nil.	Not applicable.
MANAGEMENT COSTS³		
The fees and costs for managing your investment	Management fee: 0.85% pa of the net asset value of the Fund. ¹ Certain expenses of the Fund are not included in this amount. ⁴	The management fee is calculated and accrued daily and paid to us monthly. It is deducted directly from the Fund's assets and reflected in the unit price of the Fund each day.
SERVICE FEES		
Switching fee The fee for changing funds	Nil.	Not applicable.

1 See 'Maximum fees and charges' on page 7 for details of the maximum fee amounts allowed under the Fund's constitution.

2 A buy/sell spread will generally apply (see 'Transaction costs' on page 7 for details).

3 See 'Management costs' on this page for further details.

4 See 'Abnormal operating expenses' and 'Specialist investment management expenses' on page 7 for further details.

ADDITIONAL EXPLANATION OF FEES AND COSTS

MANAGEMENT COSTS

Management costs comprise:

- the management fee
- expense recoveries
- abnormal operating expenses
- specialist investment management expenses.

MANAGEMENT FEE

We receive a management fee of 0.85% per annum for managing your investments in the Fund. We currently pay the Fund's expenses (other than abnormal operating expenses) out of our management fee.

DIFFERENTIAL FEES

We may negotiate a rebate of all or part of our management fee with wholesale clients (as defined by the Corporations Act) and employees of the Perpetual Group.

The payment and terms of rebates are negotiated with wholesale clients but are ultimately at our discretion, subject to the Corporations Act and ASIC policy.

EXPENSE RECOVERIES

The expense recoveries represent the operating expenses incurred in the day-to-day operation of the Fund.

There is no limit in the Fund's constitution on the amount that can be reimbursed for expense recoveries that are reasonably and properly incurred but we currently choose to pay these out of our management fee.

Expense recoveries can be paid directly from the Fund's assets or if the expenses are incurred by us for the proper performance of our duties and obligations as responsible entity of the Fund, we're entitled to be reimbursed for these amounts from the Fund.

Expense recoveries do not include abnormal operating expenses.

ABNORMAL OPERATING EXPENSES

We can also be reimbursed from the Fund for abnormal operating expenses incurred in performing our duties and obligations in administering the Fund. These are not paid out of our management fee and, if incurred, are in addition to the 0.85% per annum management fee described above.

These abnormal operating expenses aren't generally incurred during the day-to-day operation of the Fund and aren't necessarily incurred in any given year. They're due to abnormal events like the cost of running an investor meeting, or legal costs incurred by changes in the Fund's constitution.

SPECIALIST INVESTMENT MANAGEMENT EXPENSES

The following applies where the Fund invests into an underlying fund.

MANAGEMENT FEES IN UNDERLYING FUNDS

Managers of underlying funds will generally charge a management fee for their services. These fees will be deducted from the underlying funds and reflected in their unit price. Perpetual will generally compensate the Fund for these amounts so they are not an additional cost to you.

OTHER UNDERLYING MANAGEMENT EXPENSES

Managers of underlying funds may also charge expense recoveries. These charges will be deducted from the underlying funds and reflected in their unit price. If charged, these amounts will be an additional cost to you.

PERFORMANCE FEES

Managers of underlying funds may also charge a performance fee. These fees will be deducted from the underlying funds and reflected in their unit price. If charged, these amounts will be an additional cost to you.

TRANSACTION COSTS

In managing the investments of the Fund, transaction costs such as brokerage, settlement costs, clearing costs and government charges may be incurred by changes in the Fund's investment portfolio, or when the Fund experiences cash flows in or out of it.

When the Fund incurs transaction costs from changing its investment portfolio, they are paid out of the Fund's assets and reflected in its unit price.

Transaction costs that are incurred because investors buy or sell units in the Fund are also paid from the Fund's assets, but they are offset by the transaction cost allowances that are included in the calculation of the Fund's entry and/or exit unit prices, as described under 'Buy/sell spread' below.

BUY/SELL SPREAD

Estimated transaction costs are allocated when an investor buys or sells units in the Fund by incorporating a buy/sell spread between the Fund's entry and exit unit prices, where appropriate. This aims to ensure that other investors aren't impacted by the transaction costs associated with a particular investor buying or selling units in the Fund. We have discretion to waive the buy/sell spread on applications or withdrawals where no transaction costs are incurred.

The buy/sell spread is an additional cost to you. The spread is based on our estimates of the average transaction costs incurred by the Fund. However, it is not a fee paid to us and is retained in the Fund to cover the actual transaction costs as they are incurred.

The buy/sell spread will impact the return on your investment. As it is built into the Fund's unit prices, it won't be recorded separately on investor statements.

Estimated transaction costs, which are used to determine the buy/sell spread, are reviewed regularly. Consequently, the buy/sell spread current as at the issue date of this PDS may change (increase or decrease) during the life of this PDS. The buy/sell spread for the Fund is publicly available at our website or can be obtained free of charge by contacting us.

GST is not applicable to any buy/sell spread when you buy or sell units in the Fund.

MISCELLANEOUS FEES

If we incur a fee because a cheque or direct debit for your investment in the Fund is dishonoured by your financial institution, the amount will be charged to your investment.

GOVERNMENT CHARGES

If you are a direct investor, government charges will be applied to your account as appropriate.

MAXIMUM FEES AND CHARGES

The Fund's constitution allows us to charge maximum fees as outlined in the table below.

FEE OR COST	MAXIMUM
Contribution fee	4% of the investment amount
Withdrawal fee	2% of the withdrawal amount
Management fee	3% pa of the gross value of the assets of the Fund
Expense recoveries	Unlimited

Amounts disclosed are inclusive of GST.

INCREASES OR ALTERATIONS TO THE FEES

Fees may change for many reasons including changes in the competitive, industry and regulatory environment or simply from changes in costs. We won't increase our fees, or introduce contribution or withdrawal fees, without giving you or your Service operator (as applicable) at least 30-days' written notice except for government fees or charges.

ADVISER REMUNERATION

FINANCIAL ADVISER COMMISSIONS

No commissions are paid to your financial adviser.

MEMBER ADVICE FEES (DIRECT INVESTORS ONLY)

The member advice fee is a fee for financial advice you may receive in relation to your investment.

You can authorise us to pay an ongoing member advice fee to your financial adviser on your behalf out of your investment. Any member advice fee you authorise us to pay is additional and separate to the fees we charge in respect of your investment in the Fund. The available options are shown in the 'Member advice fees' table below.

The deduction of units to pay a member advice fee will be treated as a disposal of units for tax purposes, which may have tax implications for you (see 'Tax' on page 9 for details).

We can refuse to deduct a member advice fee. You can also turn off the member advice fee at any time by instructing us in writing.

MEMBER ADVICE FEES

PAYMENT BASIS ¹	HOW AND WHEN PAID
Percentage fee option	Calculated on the average daily balance of your investment and paid monthly by withdrawal of units at the end of each month.
Flat dollar fee option	Paid in equal monthly instalments by withdrawal of units at the end of each month.

¹ All member advice fee amounts that we deduct from your investment in the Fund and pay to your adviser on your behalf include GST.

OTHER BENEFITS

As a result of your investment in the Fund your financial adviser may receive other non-monetary benefits, which are not an additional cost to you. We maintain a register summarising non-monetary benefits that are paid or provided to certain financial advisers and other financial services providers. If you would like to review this register please contact us.

PAYMENTS TO DEALER GROUPS

Certain dealer groups, of which your adviser and/or Service operator may be a part, may also receive payments based on the volume of business they generate (where allowed by law). If these payments are made, they are not paid by you or the Fund, rather they are paid by us. These amounts may be up to 1.0% per annum (including GST, if applicable) of the funds invested via the dealer group.

PRODUCT ACCESS PAYMENTS

We may make payments to platform providers for distributing our Fund on their investments menu (where allowed by law). These payments may help them recover their costs incurred in establishing our Fund on their menu and certain other marketing and distribution costs. These amounts may be up to 1.0% per annum (including GST, if applicable) of the funds invested with us. If these payments are made, they are not paid by you or the Fund, but rather they are paid by us.

PAYMENTS RECEIVED

As a result of brokerage paid by the Fund, we may receive benefits such as investment research, which we may use for any investment purpose, including for the Fund.

TAX

The tax consequences of investing in managed investment schemes are particular to your circumstances, so we recommend you see a tax adviser. This information is general only and shouldn't be relied on.

If you are investing indirectly through a Service, you should also refer to your Service operator for further information about the tax treatment of your investment in the Fund.

TAX POSITION OF THE FUND

Generally, Australian income tax won't be payable by the Fund because investors will be 'presently entitled' to all of the distributable income of the Fund each year ending 30 June. If there is net income of the Fund that no investor is 'presently entitled' to, the Fund will be subject to tax at the highest marginal tax rate (plus Medicare levy).

AUSTRALIAN RESIDENT INVESTORS

DISTRIBUTIONS

For information about the calculation of your distribution entitlement, see 'Distributions' on page 3.

The net income of the Fund allocated to you must be included in your income tax return for the year of the entitlement even if the distribution is received or reinvested in the following year – see 'Annual tax statement' on this page.

CAPITAL GAINS TAX

In addition to any realised net capital gains distributed to you, any withdrawal or (for direct investors) transfer of units in the Fund may create a taxable gain or loss, which will be treated as a capital gain or loss, or as ordinary income, depending on your circumstances.

ANNUAL TAX STATEMENT

DIRECT INVESTORS

We'll issue annual tax statements for the Fund at the end of August each year, or shortly after. It will show the taxable and non-taxable components of your distributions.

INDIRECT INVESTORS

Your Service operator will use the information we provide to prepare their statements for you.

NON-RESIDENT INVESTORS

Australian tax will be deducted from certain Australian sourced income and capital gains distributed to non-resident investors. Non-resident investors may also be subject to tax in the country they reside in, but may be entitled to a credit for some or all of the tax deducted in Australia.

REPORTING

For direct investors that are considered to be residents of certain countries for tax purposes, we may also be required to obtain additional information and report to the ATO or overseas tax authority each year relevant details relating to their investment, including investment balance and income received, under rules designed to combat tax evasion in their country of residence for tax purposes.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities.

If you are a US resident for tax purposes, you should note that the Fund is expected to be a 'Foreign Financial Institution' under FATCA and intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain investors to the ATO or IRS. In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number. We will only use such information for this purpose from the date the Fund is required to do so.

GOODS AND SERVICES TAX (GST)

GST generally applies to the fees, costs and expenses payable by the Fund, including management costs and other fees payable to us.

Generally, the Fund can't claim a credit for all of the GST paid but may be entitled to claim a reduced input tax credit (RITC), which represents a portion of the GST applicable to management costs and certain other expenses, as set out in the GST law.

Unless otherwise stated, the management costs and other fees specified in the PDS and the 'Fees and other costs' table on page 6 show the approximate net cost to the Fund of these amounts payable to us, on the basis that the Fund is entitled to claim RITCs for the GST on these amounts.