

22 JUNE 2021

NOTICE OF AMENDMENT TO CONSTITUTION REALM HIGH INCOME FUND

This is a notice of proposed amendments to the Constitution of the Realm High Income Fund ARSN 159 673 533 (**Constitution**). This notice is given in accordance with *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489* and ASIC Regulatory Guide 134.

Proposed modification to Constitution

The attribution managed investment trust (**AMIT**) regime was enacted by the Tax Laws Amendment (A New Tax System for Managed Investment Trusts) Act 2016.

Qualifying managed investment trusts (**MITs**) can make an irrevocable election to apply these rules.

One Managed Investment Funds Limited (the **Responsible Entity**) and Realm Investment Management Pty Ltd (**Manager**) have today announced proposed modifications to the constitution of Realm High Income Fund ARSN 159 673 533 (**Fund**) (**Modifications**) to enable the Fund to elect into the AMIT regime.

ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489 (**Instrument**) permits the Responsible Entity to make the necessary amendments without member approval, subject to the satisfaction of certain conditions. This notice is being given in satisfaction of one of those conditions.

Reasons for Modification

The Responsible Entity has proposed the Modifications to facilitate the Fund operating under the AMIT regime if it meets the eligibility requirements of a Managed Investment Trust (**MIT**).

The AMIT regime commenced on 1 July 2016 and was established by the Australian government to provide qualifying MITs with the ability to benefit from improved flexibility and greater certainty in respect of their tax treatment.

The AMIT regime provides an alternative to the 'present entitlement basis' of the current taxation rules, which provides that the Fund's taxable income is allocated to unitholders based on their proportionate share of the income of the Fund.

Based on characteristics of the Fund and the operation of the AMIT regime, the Responsible Entity intends to elect the Fund into the AMIT regime, however, it is not known when this election will be made. Although



a decision has not yet been made when the Responsible Entity will elect for the Fund to be an AMIT, the Responsible Entity presently believes the AMIT regime will produce more equitable and fairer tax outcomes for the Fund's unitholders for the following reasons:

1. the AMIT regime provides the ability for MITs to "flow through" taxable income to their unitholders on an "attribution basis", and for that taxable income to retain its character for tax purposes as it flows through the Fund;
2. the Responsible Entity will operate the Fund noting the following principles:
 - 2.1 the Responsible Entity must allocate the taxable income of the Fund between unitholders on a 'fair and reasonable basis', consistent with their rights under the Fund's constituent documents and the duties of the trustee; and
 - 2.2 the Responsible Entity will be taxed on any taxable income of the Fund that the Responsible Entity fails to allocate to the unitholders within three months of the end of the financial year;
3. the AMIT regime will improve the administrative efficiency of the Fund because:
 - 3.1 the Responsible Entity has the ability to carry forward certain understatements and overstatements of taxable income and deal with them in the year in which they are discovered, which removes the need to re-issue amended investor statements; and
 - 3.2 the regime allows for upwards cost base adjustments of units where the amount distributed is less than the taxable income attributed, which will provide greater flexibility for the Responsible Entity with respect to distributing taxable income.

Effect of Modifications

The proposed Modifications would amend the Constitution so as to:

1. provide the Responsible Entity with the power to:
 - 1.1 make an irrevocable election for the Fund to operate as an AMIT;
 - 1.2 recover from the Fund in relation to any income tax liability incurred as a result of the Fund being an AMIT;
 - 1.3 recover from the Fund, fees, costs, charges and expenses incurred in giving effect to the AMIT provisions under the Constitution; and
 - 1.4 do all things necessary to operate the Fund as an AMIT; and



2. insert other provisions considered by the Responsible Entity as being necessary or incidental to the Fund being able to be operated as an AMIT.

The Responsible Entity considers the proposed Modifications to the Constitution to be in the best interests of the unitholders of the Fund.

How to contact us if you wish to respond to this notice

The Responsible Entity will make the Modifications to the Constitution on date which is **at least 7 days** from the date of this notice unless it receives requests from unitholders of the Fund to call and arrange for a meeting of the unitholders to consider and vote on a special resolution to implement the Modifications to the Constitution:

1. from unitholders with at least 5% of the votes that may be cast on the resolution; and
2. by 5pm (Sydney time) on 29 June 2021 (**Due Date**).

If you are a unitholder and would like to request to call a meeting of unitholders as described above, the request must be made in writing and may be sent to the Responsible Entity at realm@oneinvestment.com.au on or before the Due Date.

If you wish to discuss the proposed Modifications to the Constitution or the AMIT regime in more detail, or you would like a copy of the Constitution and the proposed Modifications, please feel free to call the Responsible Entity on (02) 8277 0000.