

1 JULY 2021

SECOND NOTICE OF AMENDMENT TO CONSTITUTION

One Managed Investment Funds Limited (the **Responsible Entity**) and Realm Investment Management Pty Ltd (**Manager**) on 22 June 2021 announced proposed modifications to the constitution of the Realm High Income Fund ARSN 159 673 533 (**Fund or Trust**) (**Constitution**).

This notice is now published by the Responsible Entity under section 601GCB(2) of the *Corporations Act 2001 (Cth)* as modified by ASIC Instrument 2016/489 to inform members of the Fund that the Constitution was amended by Supplemental Deed on 30 June 2021. The amendments are in connection with the tax regime applying to managed investment trusts which satisfy the requirements to be AMITs, which was introduced by the *Tax Laws Amendment (A New Tax System for Managed Investment Trusts) Act 2016 (Cth)* (**AMIT Regime**).

AMIT Regime

The AMIT Regime is a set of rules for the taxation of managed investment trusts and their members. One of the aims of the AMIT Regime is to provide greater certainty than the current rules in relation to the taxation position for managed investment trusts and their members.

One key aspect under the AMIT Regime is that the Responsible Entity must allocate or “attribute” the taxable income of the Trust to members on a fair and reasonable basis. Currently, members are subject to tax on their proportionate share of the taxable income of the Trust based on the share of the income of the Trust according to trust law principles that they are presently entitled to.

The AMIT Regime may provide the following potential benefits for members of an AMIT:

1. Greater clarity and certainty associated with the tax treatment of distributions and the character of income and capital of the AMIT, in contrast to the current “present entitlement” regime. In particular, a removal of the potential for double taxation that may arise for members where there are mismatches between the amount distributed and the taxable income of the AMIT.
2. If a variance is discovered between the amounts actually attributed to members for an income year, and the amounts that should have been attributed, the variance can be attributed in the income year in which it is discovered by the responsible entity, rather than amending previous years' tax returns and notifying members of those amendments.



3. An AMIT will be deemed to be a “fixed trust” and members will be treated as having vested and indefeasible interests in the income and capital of the AMIT throughout the income year, which can be relevant for:
 - a. utilising trust losses; and
 - b. applying the franking credit provisions.
4. Where a member receives a distribution of cash that is less than their allocated share of the taxable trust components, members will be entitled to make upward adjustments to the cost base of their units in the AMIT.

Effect of the changes to the Constitution

The Constitution amendments have enabled the Responsible Entity to operate the Trust under the AMIT Regime.

A decision was made that the Trust would adopt the AMIT regime for the year commencing 1 July 2021 onwards.

When the AMIT Regime applies to the Trust, the key difference between the previous tax regime which applied to the Trust and the AMIT Regime is that under the AMIT Regime, unit holders are taxed on the taxable income that is allocated or “attributed” to members by the Responsible Entity.

The AMIT Regime requires the Responsible Entity to undertake this allocation or attribution on a fair and reasonable basis. This is in contrast to the previous rules, which provided for unit holders to be subject to tax to the extent, proportionately, that each unit holder was “presently entitled” to the income of the Trust according to trust law principles.

Details of the amendments to the Constitution are summarised in the table below, and a copy of the amended Constitution can be requested by contacting the Responsible Entity, realm@oneinvestment.com.au.

Constitution Clause	Description of the amendment
15.1 Amit Election	A new clause 15.1 was inserted which contains the provisions for the operation of the Trust as an AMIT under the AMIT Regime, including to provide for the Responsible Entity to elect into the AMIT regime.
15.2 Unders and Overs	A new clause 15.2 was inserted to facilitate the exercise of Responsible Entity’s powers in relation to “unders and overs” of the Trust, in the manner permitted by the AMIT Regime.
15.3 Attribution of taxable income to Unitholder	A new clause 15.3 was inserted to provide for the attribution of taxable income in a manner consistent with the requirements of the Income Tax Assessment Act 1997 (Cth) (which includes that attribution among members must be worked out on a fair and reasonable basis).



Constitution Clause	Description of the amendment
15.4 Unitholder requirement to notify and provide information and indemnify Trustee in relation to objections	A new clause 15.4 was inserted to provide the machinery for the exercise of the rights afforded to members under the AMIT regime to object to the attribution.
15.5 Consequences if objection is made	A new clause 15.5 was inserted to provide the machinery for consequences in an objection to the attribution is made by a unitholder.
15.6 Trustee's power in respect of the AMIT Regime	A new clause 15.6 was inserted to specify the general rights and powers of the Responsible Entity to enable the Trust to be eligible to apply the AMIT Regime, be properly administered and operated under the AMIT Regime and for the Responsible Entity to comply with the AMIT Regime.
15.7 AMIT indemnity	A new clause 15.7 was inserted which provides for each member to indemnify the Responsible Entity in relation to any tax and any other costs, expenses or liabilities incurred as a result of being liable to such tax, that may become payable by the Responsible Entity under the AMIT Regime, which the Responsible Entity reasonably determines relates to the member or units held by the member.