

28th May 2019

Important Notice to Members

Strategic Global Fund

Notice of proposed amendment of Constitution

This is a notice published by One Managed Investment Funds Limited ABN 47 177 400 987 AFSL 297042 (**RE**) as responsible entity of the managed investment scheme named the Strategic Global Fund ARSN 613 886 392 (**Scheme**), under section 601GCB(2) of the *Corporations Act 2001* (Cth), as modified by *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489* to inform members of the Scheme (**Members**) that the RE intends to amend the constitution of the Scheme (**Constitution**) to enable the Scheme to be operated as an attribution managed investment trust (**AMIT**) as permitted by amendments to the *Income Tax Assessment Act 1997* made by the *Tax Laws Amendments (New Tax System for Managed Investment Trusts Act 2016* (Cth) and certain ancillary legislation (**AMIT Regime**), if an election is made by the RE to adopt the AMIT Regime.

What is the AMIT Regime?

The AMIT Regime is a significant industry-wide taxation reform for the taxation of managed investment trusts which are intended to reduce complexity, provide flexibility, increase certainty and minimise compliance costs for managed investment trusts and their investors.

It is a new tax regime applying to managed investment trusts that was enacted on 5 May 2016 under certain acts, including the *Tax Laws Amendment (New Tax System for Managed Investment Funds) Act 2016* (Cth). In order for the AMIT Regime to apply, the RE must make an election to opt-in to the AMIT Regime for the Scheme.

Under the current tax rules which are contained in Division 6 of the *Income Tax Assessment Act 1936* (Cth), Members are taxed on that share of net income of the trust to which they are presently entitled.

If there is some portion of the net income to which no Member is presently entitled, the RE will be taxed on that amount at the highest marginal tax rate.

If the Scheme is operated as an AMIT, Members will be taxed on the income which is attributed to them by the RE in accordance with the AMIT Regime. The attribution of income to Members must be made on a fair and reasonable basis.

Summary of reasons for, and effect of, the proposed amendments to the Constitution

The proposed amendments to the Constitution will enable the RE to elect to adopt the AMIT Regime for the Scheme to be operated as an AMIT.

Enabling the AMIT regime to be adopted for the Scheme will have the following potential benefits for Members:

- the removal of the potential for adverse taxation risks that may arise for Members where there are mismatches between the amount distributed to Members and the net income of the Scheme. This is achieved through the provision of appropriate tax cost base adjustments where distributions are greater or less than the amount on which the Member is assessed for tax purposes;
- greater certainty regarding the quantum and taxation character of amounts attributed to Members; and

- greater certainty regarding certain aspects of the tax treatment of the Scheme, such as the Scheme being deemed to be a “fixed trust” for income tax purposes.

A detailed summary of the reasons for, and effect of, the proposed amendments to the Constitution are set out in the table below:

Constitution Clause	Description of Amendment
1.1	Definitions specific to the AMIT Regime have been included in clause 1.1.
15.15	New clause 15.15 has been inserted to make clear that existing clauses 15.1 to 15.14 (which deal with Members' present entitlement to distributable income) only apply to financial years in which the RE is not subject to the AMIT Regime.
19.3(h)	Additional wording has been included in new clause 19.3(h) to confirm that the RE has the power to do anything it considers is necessary for or incidental to the Scheme being operated as an AMIT.
28	<p>Under the AMIT Regime, the taxation of Members does not depend on present entitlement to distributable income. Instead, the RE must determine what portion of the trust component to attribute to each member component.</p> <p>New clause 28 ensures the RE must determine the entitlement of Members to the income of the Scheme where the Scheme is subject to the AMIT Regime.</p>
29	<p>The AMIT Regime does not specifically deal with the distribution or accumulation of determined member components, only their attribution.</p> <p>To avoid ambiguity, new clause 29 grants the RE an express power to distribute, or accumulate any portion of, a determined member component.</p>

Constitution Clause	Description of Amendment
30	<p>New clause 30 requires the RE to make a determination of the trust component and the attribution of the trust component among Members in accordance with the AMIT Regime.</p>
31	<p>New clause 31 provides that the RE may determine that a redemption of units is a significant redemption and that a Redemption Gains Entitlement for each unit redeemed will be calculated using the particular calculation method specified.</p> <p>The clause only applies in relation to an AMIT Income Year and any determination under that clause must be made on a 'fair and reasonable' basis pursuant to section 276-210(3) of the <i>Income Tax Assessment Act 1997</i> (Cth).</p>
32	<p>Under section 276-205 of the <i>Income Tax Assessment Act 1997</i> (Cth), each Member can choose a different member component to that contained in the AMMA statement by providing notices to the ATO and the RE.</p> <p>The choice must be provided by the Member by written notice to the ATO and the RE within 4 months of the end of the relevant income year or from when the AMIT provides a revised AMMA statement.</p> <p>New clause 32 makes it clear the Member must make the choice in accordance with section 276-205.</p>
33	<p>New clause 33 provides for each Member to indemnify the RE in relation to any tax that the RE is required to pay and which the RE reasonably determines relates to that Member, the units held by that Member or the portion of the trust component attributed to that Member and any other costs, expenses or liabilities incurred as a result of being liable to such tax.</p> <p>It also confers powers on the RE to undertake certain actions in satisfaction of, and to prescribe terms and conditions in the event that the RE is able to rely on, that indemnity.</p>

Constitution Clause	Description of Amendment
34	<p>New clause 34 has been included to specifically address the powers and rights which might be exercised by the RE in relation to the AMIT Regime, including the ability of the RE to:</p> <ul style="list-style-type: none"> • opt in to the AMIT Regime; • amend its determination of the trust component and member components as a result of any unders or overs; and • issue further AMMA statements to Members.
35	<p>New clause 35 requires the RE to comply with all obligations placed on it under the AMIT Regime, including the obligation to provide members with an AMMA statement.</p>

What do investors need to do?

The RE will amend the Constitution as proposed, unless it receives requests to call and arrange to hold a meeting of Members to consider and vote on a special resolution to modify the Constitution as proposed;

- (a) from Members with at least 5% of the votes that may be cast on the resolution, and
- (b) by 5.00 pm 3rd June 2019.

A request for a meeting of Members referred to above must be made in writing and sent to the RE's email address sgf@oneinvestment.com.au.

If you have any questions, or if you would like a copy of the proposed changes to the Constitution please contact the RE:

By phone; 02 8277 0000 (between 8:30am and 5:00pm weekdays)

By facsimile: 02 8580 5700, or

Or by email at sgf@oneinvestments.com.au

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