

PROPOSED CONSTITUTION CHANGES TO ALLOW FOR ADOPTION OF THE ATTRIBUTION MANAGED INVESTMENT TRUST (AMIT) REGIME

26 May 2017



**NOTICE PURSUANT
TO SECTION
601GCA OF THE
CORPORATIONS ACT**

Perpetual Investment Management Limited ABN 18 000 866 535 (Perpetual) is the responsible entity of each of the registered managed investment schemes named in the Appendix attached (each a **Fund** and collectively the **Funds**).

This notice is to inform investors in each Fund that Perpetual proposes to make changes to the Constitution for each Fund (**Constitutions**) that are necessary or incidental for the Fund to be operated as an Attributed Managed Investment Trust (**AMIT**).

WHAT IS THE AMIT REGIME?

The AMIT regime was established by the Australian Government to provide a qualifying managed investment trust with an exclusive set of tax rules that replaces the existing tax rules. It provides Funds with improved flexibility and investors greater certainty in relation to their tax treatments. Managed investment trusts that elect into the new regime are known as AMITs.

ELECTING INTO THE AMIT REGIME

The proposed changes to the Constitutions allow each Fund to operate within the AMIT regime. These changes will only apply from the time an election is made by Perpetual to adopt the AMIT regime for the relevant Fund and will continue to take effect for so long as the Fund remains an AMIT.

Perpetual intends to elect into the AMIT regime for the Funds that are eligible from 1 July 2017, i.e. for the 2017/2018 and subsequent years of income. The decision of Perpetual to adopt the AMIT regime for each of the Funds will be based on the best interest of unitholders in the applicable Fund as a whole.

REASONS FOR THE PROPOSED CHANGES

If implemented, the proposed changes to the Constitutions will allow Perpetual to operate each of the Funds as an AMIT and elect into the AMIT regime for the Funds.

Perpetual believes that the benefits of electing into the AMIT regime include:

- Certainty as to the tax status of each Fund and its entitlement to certain tax concessions, including a deemed “fixed trust” status for tax purposes;
- Investors will be subject to tax on the income of the Fund that is attributed to them on a fair and reasonable basis;
- Specific rules confirm that income attributed to an investor will retain the character it had in the Fund for income tax purposes. In addition, it clarifies the treatment of tax deferred distributions and provides certainty that franking credits can be distributed to investors;
- Investors are allowed to make an upward adjustment to the cost base of their units if the income attributed to them is more than the income distributed to the investor;

Perpetual

- Ability to carry forward certain understatements and overstatements of taxable income and deal with them in the year in which they are discovered, rather than requiring amendments to investor tax returns previously lodged (as is currently the case).

EFFECT OF PROPOSED CHANGES

The proposed changes will amend each Fund's Constitution so as to:

- Insert provisions considered by Perpetual as being necessary or incidental to each Fund being able to be operated as an AMIT, including to:
 - Require Perpetual to attribute income on a fair and reasonable basis, taking into account any unders and overs when determining Trust Components;
 - Allow Perpetual to recover from an investor any tax Perpetual becomes liable to pay in connection with the investor;
 - Enable Perpetual to treat one or more class of units in each Fund as a separate AMIT and;
- Provide Perpetual with power to recover from each Fund in relation to any tax liability incurred as a result of each Fund being an AMIT or results from an investor or former investor making a claim against Perpetual in relation to an income tax liability that results from an attribution by Perpetual to the interests held by the investor or former investor.

PROPOSED IMPLEMENTATION OF THE CONSTITUTION CHANGES

Perpetual will amend the Constitution of each Fund to facilitate the operation of the AMIT regime unless it receives requests by 5 pm (Sydney time) on 3 June 2017 from unitholders with at least 5% of the votes that may be cast, to call and arrange to hold a meeting of the Fund's unitholders. This meeting would be to consider and vote on a special resolution to amend the Constitution of the relevant Fund as proposed.

WHAT DO I NEED TO DO?

Investors do not need to take any action in respect of this notice. If you object to the proposed amendments and would like to request a meeting of the unitholders to vote on the changes to the Constitution of the relevant Fund as proposed, your request must be made in writing to investments@perpetual.com.au by 5pm (Sydney time) on 3 June 2017.

Your email must include the following information:

- ▶ Your full name
- ▶ The name of the Fund
- ▶ Account Number

If a meeting is required, investors in the relevant Fund will be advised of the meeting details and voting process.

APPENDIX

NAME OF FUND	ARSN	NAME OF FUND	ARSN
Perpetual Active Fixed Interest Fund	110 147 969	Perpetual Private Australian Share Fund	098 776 026
Perpetual Australian Share Fund	091 189 132	Perpetual Private Balanced Fund	098 775 869
Perpetual's Australian Share Fund	093 183 165	Perpetual Private Conservative Fund	100 476 882
Perpetual Balanced Growth Fund	091 187 601	Perpetual Private Diversified Fund	098 775 690
Perpetual Balanced Growth Fund No.2	091 102 171	Perpetual Private Fixed Income Fund	098 776 179
Perpetual Cash Management Fund	093 211 093	Perpetual Private Geared Australian Share Fund	124 209 203
Perpetual Charitable and Community Investor Fund	123 379 135	Perpetual Private Geared High Growth Fund	124 209 463
Perpetual Charitable Endowment Fund	147 080 377	Perpetual Private Growth Fund	098 775 921
Perpetual Concentrated Equity Fund	091 185 590	Perpetual Private International Share Fund	098 776 115
Perpetual Conservative Growth Fund	105 779 628	Perpetual Private Real Estate Fund	098 776 302
Perpetual Credit Income Fund	110 148 135	Perpetual Pure Credit Alpha Fund	121 609 747
Perpetual Diversified Growth Fund	098 429 746	Perpetual Pure Equity Alpha Fund	155 515 138
Perpetual Diversified Income Fund	110 147 665	Perpetual Pure Microcap Fund	164 986 047
Perpetual Diversified Real Return Fund	146 128 181	Perpetual Pure Value Share Fund	130 756 099
Perpetual Dynamic Fixed Income Fund	147 094 415	Perpetual SHARE-PLUS Long-Short Fund	103 864 937
Perpetual Economic Diversification Global Equity Fund	151 967 645	Perpetual Smaller Companies Fund	091 188 082
Perpetual Ethical SRI Fund	099 975 041	Perpetual Smart Beta Emerging Market Equities Fund	165 606 584
Perpetual Exact Market Cash Fund	110 147 389	Perpetual Split Growth Fund	091 185 438
Perpetual Geared Australian Share Fund	103 864 688	Perpetual WealthFocus Investment Advantage Fund	091 142 460
Perpetual Global Opportunities Share Fund	616 335 383	Perpetual Wholesale Industrial Fund	091 187 049
Perpetual Global Share Fund	601 199 035	Perpetual Wholesale International Share Fund	091 186 837
Perpetual Global Share Fund Hedged	608 416 771	Perpetual Wholesale Smaller Companies Fund No.2	110 147 503
Perpetual Growth Opportunities Fund	129 768 494	The Trust Company Australian Share Fund	093 447 137
Perpetual High Grade Treasury Fund	098 496 998	The Trust Company Bond Fund	093 447 600
Perpetual Income Opportunities Fund	129 768 378	The Trust Company Diversified Property Fund	155 454 078
Perpetual Income Share Fund	093 446 256	The Trust Company Philanthropy Fund	129 942 052
Perpetual Industrial Share Fund	089 547 875	The Trust Company Share Imputation Fund	093 105 732
Perpetual Institutional Cash Management Trust	138 160 077		
Perpetual International Share Fund	090 691 624		

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