

29 June 2018

Dear Investor,

IMPORTANT NOTICE

AMENDMENT TO THE TRUST CONSTITUTIONS TO ALLOW FOR THE ADOPTION OF THE ATTRIBUTION MANAGED INVESTMENT TRUST ("AMIT") REGIME FOR THE FUNDS

Further to the notice "Pursuant to section 601GCA of the Corporations Act 2001 (Cth)" dated 14 June 2018 in relation to the

- PM Capital Global Companies Fund (ARSN 092 434 618)
- PM Capital Australian Companies Fund (ARSN 092 434 467)
- PM Capital Asian Companies Fund (ARSN 130 588 439)
- PM Capital Enhanced Yield Fund (ARSN 099 581 558)

(the "**Fund(s)**"), PM Capital Limited (ABN 69 083 644 731, AFSL 230222) ("**PM Capital**") is required to set out a summary of the reasons for, and the effect of the modification from that of the constitution before its repeal as per section 601GCB(2) of the *Corporations Act 2001 (Cth)* as modified by the *ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489*.

AMIT REGIME

PM Capital considers that members of the Fund may benefit if the Fund is treated as an AMIT, for the following reasons:

- a) there will generally be greater clarity and certainty associated with the allocation of taxable amounts to members compared to the current "present entitlement" regime under which members are taxed based on their entitlement to a proportionate share of the trust income of the Fund;
- b) the AMIT regime permits the Fund to correct errors in the taxable income allocated to beneficiaries (referred to as "unders" and "overs") in the years in which they are discovered by a trustee, rather than the existing law which requires that trustees amend previous years' tax returns and notify the relevant beneficiaries of those amendments;
- c) there will be deemed "fixed trust" status and beneficiaries being treated as having vested and indefeasible interests in the income and capital of the AMIT throughout the income year. This will generally make it easier for AMITs to satisfy:
 - the trust loss rules requirements for carrying forward trust losses;
 - the franking credit rules which allow a trustee to distribute franking credits; and
 - eligibility for CGT scrip-for-scrip rollover relief; and
- d) members will be entitled to make upward adjustments to the cost base of their units in the AMIT where the distribution of cash they receive is less than their allocated share of the taxable trust components. This minimises the potential for double taxation where the amount distributed differs from the taxable income of the AMIT.

PM Capital does not expect that the AMIT regime will change the overall way the Fund is taxed.

EFFECT OF THE CHANGES TO THE CONSTITUTION

Where the Funds are eligible, and where administratively practicable, the PM Capital as Responsible Entity (“RE”) intends to make the election to adopt the AMIT regime to the relevant Fund for the year ending 30 June 2018.

The key difference between the current tax regime (Division 6 of the *Income Tax Assessment Act 1936* (Cth) (“ITAA 1936”) and the new AMIT Regime is that under the AMIT regime, members are taxed on the taxable income that is “attributed” to members by RE on a fair and reasonable basis. Under the current tax regime, members are “presently entitled” to the income of the Fund according to a present entitlement to income method in the ITAA 1936.

The constitution amendments will enable the RE to operate the Fund under the AMIT regime. Details of these amendments are summarised in the following table.

Constitution clause	Description of the amendments
Clause 1 (or clause 19 for the constitution for the PM Capital Asian Companies Fund)	Definitions specific to the operation of the AMIT regime have been inserted.
Clause 13 (or clause 5 for the constitution for the PM Capital Asian Companies Fund)	AMIT Taxation Regime A new clause has been inserted which contains provisions for the facilitation of the election into and operation of the AMIT regime: <ul style="list-style-type: none">- 13.1 (or 5.1 of the constitution for the PM Capital Asian Companies Fund) provides for the responsible entity (“RE”) to elect into the AMIT regime;- 13.2 – 13.4 (or 5.2 - 5.7 of the constitution for the PM Capital Asian Companies Fund) allows the RE to apply the AMIT regime to the Fund including determining trust components and attribute income to members in a fair and reasonable manner consistent with the requirements of the AMIT regime and permitting the RE to exercise its powers in relation to unders and overs of the Fund in the manner permitted by the AMIT regime;- 13.5 – 13.6 (or 5.8 - 5.9 of the constitution for the PM Capital Asian Companies Fund) clarifies the RE’s powers to issue and re-issue distribution statements to members in relation to the attribution of income under the AMIT regime;- 13.7 (or 5.10 of the constitution for the PM Capital Asian Companies Fund) contains a member acknowledgement that the RE is permitted to address unders and overs of the Fund in the manner permitted by the AMIT regime;- 13.8 (or 5.11 of the constitution for the PM Capital Asian Companies Fund) provide machinery in relation to the exercise of rights afforded to members under the AMIT regime to object to the attribution of income of the Fund under AMIT regime. It also requires members to indemnify the RE against any, and all costs and liabilities incurred by the RE as a result of a member objection.

If you would like further information about the changes, please contact us at pmcapital@pmcapital.com.au or by phone on +612 8243 0888.

Yours sincerely
PM Capital Limited



Lachlan Cameron
Head of Distribution