

IMPORTANT NOTICE OF LEGISLATIVE CHANGES

June 2017

AMIT regime - a new tax regime for managed funds

On 5 May 2016, a new tax regime applying to Managed Investment Trusts (MIT's) (also known as Managed Investment Schemes or MIS's) was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. Additional legislation (the Attribution Managed Investment Trust (AMIT) regime) was also enacted. The new regime allows managed funds that meet certain requirements to make an irrevocable choice to be an AMIT.

Some of the AMIT regime requirements are quite technical in nature and include, but are not limited to, the following:

- > Greater clarity around the tax treatment of tax-deferred and tax-free distributions;
- > The ability to treat a class of units in each managed fund as a separate AMIT;
- > The ability to attribute income to investors in each AMIT; and
- > The ability to make cost base (value) adjustments to an investor's units in an AMIT either up or down where distributions are greater or less than the amount on which the investor is taxed.

Why has the AMIT regime been introduced?

The intention of the AMIT regime is to reduce complexity and increase certainty around the taxation treatment of MITs. In the best interests of investors, Advance Asset Management Limited has decided to elect eligible managed funds (Funds) into the AMIT regime on 1 July 2017. A list of those Funds is included at the end of this notice.

In order to do this, the relevant Fund Constitutions have been amended and specifically provide for the ability to elect into the AMIT regime and for the regime to apply thereafter, as well as providing for the necessary powers to ensure practical application of the AMIT regime.

What will the AMIT regime mean for you?

Broadly, an AMIT will attribute its taxable income to investors on a fair and reasonable basis, having regard to the members' rights under the relevant Fund constitution. The AMIT should generally not be subject to income tax. Income attributed to you may form part of your assessable income regardless of whether the income is distributed to you in cash.

For each year ending 30 June, an AMIT will send to you a member statement, detailing member components of assessable income, capital gains, tax credits and any other relevant tax information to be included in your tax return.

If you have elected to receive a part or all of your distributions from a Fund in cash, we will continue to pay cash distributions until we notify you otherwise. If you have elected to reinvest your distributions, your distributions will continue to be reinvested.

We recommend you seek professional taxation advice should you wish to understand how the AMIT regime may impact your personal circumstances.

This update information will be reflected in the next PDS for each of the Funds listed.

Understanding the fees and costs of your investment

In March 2017, the Australian Securities and Investments Commission (ASIC) issued its updated Class Order [CO 14/1252] which modifies the enhanced fees and cost disclosure requirements for product disclosure statements (PDSs) and periodic statements in relation to managed investment and superannuation products. ASIC has also issued an updated version of Regulatory Guide 97 *Disclosing Fees and Costs in PDSs and periodic statements* to reflect the updated requirements.

Why have the modifications to the fees and costs disclosure requirements been introduced?

These modifications have been introduced to provide greater transparency of the fees and costs that apply to managed investment and superannuation products. Among other things, the fees and costs disclosure requirements have been extended to require disclosure of indirect costs, being amounts (not already disclosed as a fee or cost) that directly or indirectly reduce the return on your investment.

What will the changes to the fees and costs disclosure mean for you?

From 30 September 2017, PDSs and periodic statements for managed investment and superannuation products will include more information about indirect costs. Importantly, these changes only impact fees and costs *disclosure* and will not result in a change to the actual fees and costs you are charged for the product.

Funds elected into the AMIT regime from 1 July 2017

PRODUCT NAME	REGISTERED NAME	ARSN
Advance Asian Shares Multi-Blend Fund	Advance Asian Shares Multi-Blend Fund	108 946 925
Advance Australian Equity Growth Fund	Advance Australian Equity Growth Fund	094 112 811
Advance Australian Fixed Interest Multi-Blend Fund	Advance Australian Fixed Interest Multi-Blend Fund	087 295 234
Advance Australian Shares Multi-Blend Fund	Advance Australian Shares Multi-Blend Fund	087 296 008
Advance Australian Smaller Companies Multi-Blend Fund	Advance Australian Smaller Companies Multi-Blend Fund	111 396 706
Advance Balanced Multi-Blend Fund	Advance Balanced Multi-Blend Fund	087 296 375
Advance Cash Multi-Blend Fund	Advance Cash Multi-Blend Fund	094 113 050
Advance Defensive Multi-Blend Fund	Advance Defensive Multi-Blend Fund	087 296 491
Advance Defensive Yield Multi-Blend Fund	Advance Defensive Yield Multi-Blend Fund	166 771 875
Advance Global Alpha Fund	Advance Global Alpha Fund	115 639 248
Advance Global Property Fund	Advance Global Property Fund	115 641 515
Advance Growth Multi-Blend Fund	Advance Growth Multi-Blend Fund	087 296 142
Advance High Growth Multi-Blend Fund	Advance High Growth Multi-Blend Fund	108 946 809
Advance International Fixed Interest Multi-Blend Fund	Advance International Fixed Interest Multi-Blend Fund	094 108 924

PRODUCT NAME	REGISTERED NAME	ARSN
Advance International Sharemarket Fund	Advance International Sharemarket Fund	087 294 611
Advance International Shares Multi-Blend Fund	Advance International Shares Multi-Blend Fund	087 295 501
Advance Moderate Multi-Blend Fund	Advance Moderate Multi-Blend Fund	108 947 011
Advance Property Securities Fund	Advance Property Securities Fund	087 294 924
Advance Property Securities Multi-Blend Fund	Advance Property Securities Multi-Blend Fund	094 112 580
BT Australian Fixed Interest Index Fund	BT Australian Fixed Interest Index Fund	086 513 760
BT Australian Shares Index Fund	BT Australian Shares Index Fund	086 512 834
BT International Fixed Interest Index Fund	BT International Fixed Interest Index Fund	086 513 395
BT International Shares Index Fund	BT International Shares Index Fund	086 513 564
BT Property Securities Index Fund	BT Property Securities Index Fund	086 513 886

Advance Asset Management, GPO Box B87, Perth WA 6838

Customer Relations 1800 819 935 Adviser Services 1300 361 864 Fax (02) 9274 5211

advance.com.au

ADVANCE
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Important information

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