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## CUSTOM PORTFOLIO SOLUTIONS – GLOBAL MANAGERS TRUST

### ADDITIONAL INFORMATION BOOKLET FOR IDPS INVESTORS

Dated: 29 September 2017

ARSN: 155 638 047

APIR Code: BSC0001AU

This Additional Information Booklet (Booklet) dated 29 September 2017 is issued by BetaShares Capital Ltd ABN 78 139 566 868, AFSL 341181, the responsible entity of Custom Portfolio Solutions-Global Managers Trust (Fund). The information in this document forms part of the Product Disclosure Statement (PDS) for the Fund dated 29 September 2017.

The PDS for the Fund is a summary of significant information about the Fund. The PDS contains a number of references to additional important information contained in this Booklet. This Booklet forms part of the PDS and you should read it together with the PDS before making a decision to invest in the Fund.

You can access a copy of the latest version of the PDS, the Booklet and any updated information free of charge from the website [www.cpsgmt.com.au](http://www.cpsgmt.com.au) or by contacting the Responsible Entity.

The information provided in the PDS and this Booklet is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice from a licensed financial adviser tailored to your personal circumstances.

This offer is only open to persons receiving the PDS and the Booklet within Australia. The PDS and the Booklet are only available for use by (i) persons applying for units through an investor directed portfolio service, master trust, wrap account or investor directed portfolio-like scheme, including superannuation equivalents (IDPS), and (ii) an IDPS operator.

None of BetaShares Capital Ltd, its related entities, or any other person (including any service provider to the Fund) gives any guarantee or assurance as to the performance of, or the repayment of capital or income reinvested in, the Fund.

## 1 ABOUT BETASHARES CAPITAL LTD

No additional information. Please refer to the PDS.

## 2 HOW THE CUSTOM PORTFOLIO SOLUTIONS – GLOBAL MANAGERS TRUST WORKS

### VALUATIONS & UNIT PRICING

The value or price of a unit is normally calculated monthly, as at the last Business Day of each month (although the Responsible Entity may calculate a unit price as at any time), and is based on the value of the Fund's assets, less liabilities, divided by the number of units on issue and adjusted for estimated transaction costs (the "buy-spread" in the case of the entry unit price and the "sell-spread" in the case of the exit unit price).

The Fund's assets reflect their market value and are normally valued as at the close of business in each of the relevant markets. The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities are consistent with applicable industry standards and result in unit price calculations that are independently verifiable.

Under the Fund's constitution, the Responsible Entity has certain discretions in determining unit prices. Such discretions are exercised in accordance with a documented policy, which is available from the Responsible Entity free of charge upon request.

### APPLICATION UNITS

When your IDPS operator applies for units in the Fund, your IDPS operator will initially be issued with an application unit upon the Responsible Entity receiving the application monies. An application unit comprises an interest in the Fund equivalent to that number of units equal in value to the application monies paid. The number of units will be calculated using the entry unit price calculated as at the last Business Day of the month. The application unit will then automatically convert into the relevant number of units once the entry unit price is calculated.

### RESTRICTIONS ON APPLICATIONS & WITHDRAWALS

The Fund's constitution allows the Responsible Entity to reject any application in whole or in part at any time without giving reasons.

The Fund's constitution provides that, in some circumstances, the maximum period for satisfaction of redemption requests (120 days) may be extended, or that redemption requests may be rejected, for as long as the circumstances apply. Those circumstances are where:

- the Responsible Entity has taken all reasonable steps to realise sufficient assets to pay amounts due in respect of units to which a redemption request applies and is unable to do so due to circumstances outside its control, such as restricted or suspended trading in the market for an asset;
- the Responsible Entity believes that it is impracticable or not possible to transfer, in the manner acceptable to the Responsible Entity, sufficient assets to satisfy the redemption request (for example, because of disruption to a settlement or clearing system);
- the Responsible Entity believes that it is not practicable or desirable to carry out the calculations necessary to satisfy

the redemption request (for example, because it is impracticable or undesirable to calculate the Fund's net asset value because of restricted or suspended trading in the market for an asset or because the value of any asset cannot otherwise promptly or accurately be ascertained);

- a redemption request is received during any period before or after a distribution date which the Responsible Entity determines to be necessary or desirable to facilitate the calculation and distribution of the Fund's distributable income;
- the Fund's investments suspend, delay or restrict withdrawals or payment of withdrawal proceeds (as applicable), or are unable to provide a withdrawal price;
- there have been, or the Responsible Entity anticipates that there will be, withdrawal requests that involve realising a significant amount of the Fund's assets and the Responsible Entity considers that if those withdrawal requests are all met immediately, unitholders who continue to hold units may bear a disproportionate burden of capital gains tax or other expenses, or the meeting of those withdrawal requests would otherwise be to the existing unitholders' disadvantage including by way of a material diminution in the value of the assets or departure from the investment strategy of the Fund;
- the Responsible Entity does not consider that it is in the best interests of unitholders of the Fund taken as a whole to transfer or realise sufficient assets to satisfy the redemption request; or
- the Responsible Entity believes that assets cannot be realised at prices that would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market; or
- it is otherwise legally permitted.

In addition, if the Fund is no longer "liquid" within the meaning of the *Corporations Act*, a unitholder will not have a right to redeem units and can only redeem where the Responsible Entity makes a withdrawal offer to unitholders in accordance with the *Corporations Act*. The Responsible Entity is not obliged to make such offers.

The Fund will be "liquid" if at least 80% of its assets are liquid assets, such as money in an account or on deposit with a bank, bank accepted bills, marketable securities and other property which the Responsible Entity reasonably expects can be realised for its market value within the period specified in the constitution for satisfying redemption requests.

## 3 BENEFITS OF INVESTING IN THE CUSTOM PORTFOLIO SOLUTIONS – GLOBAL MANAGERS TRUST

### THE FUND'S CUSTODIAN & ADMINISTRATOR

The Responsible Entity has appointed RBC Investor Services Trust as the Fund's custodian and administrator.

Custodial services include holding the assets of the Fund and collecting related entitlements, such as dividends. The custodian may appoint sub-custodians, for example, to hold the Fund's assets in certain markets.

The custodian has a limited role and has no obligation to monitor whether the Responsible Entity is complying with its obligations as responsible entity of the Fund.

Administration services include fund accounting, maintaining books and records, maintaining the register of unitholders, and calculating unit prices and distribution amounts.

The Responsible Entity may change the Fund's custodian and/or administrator from time to time without prior notice to unitholders.

## THE CONSTITUTION

The Fund is a registered managed investment scheme governed by a constitution. The constitution sets out rules regarding:

- The Responsible Entity's powers, rights and duties, including the right to fees, recovery of expenses and indemnification
- Unitholders' rights and obligations
- Liability of unitholders and the Responsible Entity
- Issue, redemption and transfer of units
- How distributions are determined
- How the Fund's assets and liabilities are valued
- How unit prices are calculated
- How the Fund may be terminated
- How the Responsible Entity may be removed or replaced as responsible entity
- The procedures for unitholder meetings

A copy of the constitution may be inspected by unitholders at the Responsible Entity's office, during business hours. The Responsible Entity will provide unitholders with a copy of the constitution upon request.

The Responsible Entity may amend the constitution from time to time, subject to the provisions of the constitution and the *Corporations Act*. Generally, the Responsible Entity can only amend the constitution where the Responsible Entity reasonably considers that the change will not adversely affect the rights of unitholders. Otherwise, the constitution can only be amended if approved at a meeting of unitholders in accordance with the *Corporations Act*.

## BORROWING

The Fund's Constitution places no formal limits on borrowing. However, the Responsible Entity's policy is that it may only borrow for the purpose of managing cash flows on a temporary basis, such as funding redemption payments, settlement of investment transactions or cash flows associated with currency hedges. The Responsible Entity does not otherwise intend to borrow in connection with the Fund's operations.

If borrowing is employed by the Fund in these circumstances, funding will be accessed from financial institutions on commercial terms. The assets of the Fund may be used as security for any borrowing where the Responsible Entity believes this will benefit investors in terms of reduced cost of borrowing or better access to funding. A lender may exercise its security in the event of any default. However, the terms of any borrowing will not allow a lender to have recourse to

investors over and above the assets of the Fund. All borrowing costs will be borne by the Fund.

## THE COMPLIANCE PLAN

The Responsible Entity has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan sets out the key criteria that the Responsible Entity will follow to ensure that it is complying with the *Corporations Act* and the Fund's constitution. Each year the compliance plan, and the Responsible Entity's compliance with the compliance plan, will be audited, as required by the *Corporations Act*, and the auditor's report will be lodged with ASIC.

## THE COMPLIANCE COMMITTEE

The Responsible Entity has established a compliance committee with a majority of members that are external to the Responsible Entity. The compliance committee's functions include:

- monitoring the Responsible Entity's compliance with the compliance plans and reporting its findings to the Responsible Entity;
- reporting breaches of the *Corporations Act* or the constitution to the Responsible Entity;
- reporting to ASIC if the committee is of the view that the Responsible Entity has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee; and
- assessing the adequacy of the compliance plan, recommending any changes and reporting these to the Responsible Entity.

## AUDITOR

The Responsible Entity has engaged KPMG as the auditor of the Fund's financial statements and compliance plan.

## 4 RISKS OF MANAGEMENT INVESTMENT SCHEMES

### ADDITIONAL RISKS

You should consider the following additional significant risks of managed investment schemes before deciding to invest in the Fund.

#### Fund risk

The Fund could terminate, fees or other features of the Fund could change or the Responsible Entity could resign or be replaced as responsible entity of the Fund. There is also a risk that investing in the Fund may give different results than investing directly in the underlying securities because of the income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors in the Fund.

#### Tax risk

The Fund or an investment in the Fund can also be subject to tax risk on the basis that tax laws and relevant administrative practices are subject to change, possibly with retrospective effect.

### Regulatory risk

A change in government or regulator policies, laws or regulations may affect the value of an investment in the Fund or its underlying assets.

### Operational risk

The Fund's day to day operations may be adversely affected by circumstances beyond the reasonable control of the Responsible Entity, such as failure of technology or infrastructure, or natural disasters. The failure of a service provider to properly deliver services to the Fund may also adversely affect the operation and performance of the Fund.

### Counterparty risk

Counterparties used in connection with the Fund's investment activities may default on their obligations, for instance by

failing to make a payment when due. This may be due to insolvency or other events of default. Such counterparties may include service providers and trading and derivatives counterparties, as well as the Fund's custodian. Default on the part of a counterparty could result in financial loss to the Fund.

## 5 HOW WE INVEST YOUR MONEY

### LABOUR STANDARDS OR ENVIRONMENTAL, SOCIAL OR ETHICAL CONSIDERATIONS

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations as a basis for making investment decisions or appointing investment managers. The investment managers appointed for the Fund may or may not take these issues into account, but the Responsible Entity does not require them to do so.

## 6 FEES AND OTHER COSTS

### FURTHER INFORMATION ABOUT FEES

#### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

#### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in section 7.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

### TABLE OF FEES OR COSTS

| CUSTOM PORTFOLIO SOLUTIONS – GLOBAL MANAGERS TRUST                                    |        |                   |
|---|--------|-------------------|
| TYPE OF FEE OR COST   | AMOUNT | HOW AND WHEN PAID |
| FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE MANAGED INVESTMENT PRODUCT                |        |                   |
| <b>Establishment fee:</b><br><br>The fee to open your investment                      | Nil    | Not applicable    |
| <b>Contribution fee:</b><br><br>The fee on each amount contributed to your investment | Nil    | Not applicable    |
| <b>Withdrawal fee:</b><br><br>The fee on each amount you take out of your investment  | Nil    | Not applicable    |

| CUSTOM PORTFOLIO SOLUTIONS – GLOBAL MANAGERS TRUST  |  |  |
|---|--|--|
| TYPE OF FEE OR COST   | AMOUNT   | HOW AND WHEN PAID  |
| <b>Exit fee:</b><br><br>The fee to close your investment                                    | Nil  | Not applicable   |
| <b>Management costs:</b><br><br>The fees and costs for managing your investment             | Estimated at 1.39% to 1.58% p.a. of the Fund's net asset value | <p>As at the date of this PDS, the management costs of the Fund consist of the following components:</p> <p><b>Management fee</b></p> <p>Management fee – 1.32% to 1.46% p.a. of the Fund's net asset value.</p> <p>Accrued as a percentage of the Fund's net asset value and reflected in the Fund's unit prices, which are normally calculated daily. Management fees are generally paid monthly in arrears following the month end.</p> <p>PLUS</p> <p>Recoverable expenses<sup>1</sup> – estimated at 0.12% p.a. of the Fund's net asset value.</p> <p>Certain expenses are accrued as a percentage of the Fund's net asset value, reflected in the Fund's unit prices, which are normally calculated daily, and generally paid monthly in arrears following the month end. Other expenses are generally paid when incurred, and are reflected in the Fund's unit prices.</p> <p>PLUS</p> <p>Indirect costs<sup>2</sup> – estimated at 0.00% p.a. of the Fund's net asset value.</p> <p>Indirect costs are accrued daily as a percentage of the Fund's Net Asset Value per Unit. The amount is deducted from the Fund's assets as and when they arise.</p> |
| <b>Service fees</b><br><b>Switching fee:</b><br><br>The fee for changing investment options | Nil  | Not applicable   |

<sup>1</sup> This figure reflects the recoverable expenses incurred by the Fund for the previous financial year ended 30 June 2017. For more information on recoverable expenses, see "Recoverable expenses" in the "Additional Explanation of Fees and Costs" section below.

<sup>2</sup> This figure reflects the indirect costs incurred by the Fund for the previous financial year ended 30 June 2017. For more information on the meaning and calculation of indirect costs, see "Indirect costs" under the heading "Additional explanation of fees and costs."

Additional fees and charges may apply, such as transactional and operational costs and the buy-sell spread. For more information, refer to section 6 of the PDS and the "Additional Explanation of Fees and Costs" section below. Each fee set out in this table may in some cases be negotiated with wholesale clients. For more information, refer to the explanation of "Differential fees, rebates and related payments" in the "Additional Explanation of Fees and Costs" section below. All fees and costs in the table above incorporate Goods and Services Tax (GST) net of any reduced input tax credits. Additional fees may be payable by you to your financial adviser. You should refer to your Statement of Advice for details. For more information, refer to the explanation of "Adviser service fee" below.



## EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare the Fund with other managed investment products.

TABLE 6.2: EXAMPLE OF ANNUAL FEES AND COSTS

| EXAMPLE – CUSTOM PORTFOLIO SOLUTIONS – GLOBAL MANAGERS TRUST                                      | AMOUNT   | BALANCE OF \$50,000 WITH A CASH CONTRIBUTION OF \$5,000 DURING THE YEAR  |
|---|--|--|
| CONTRIBUTION FEES   | Nil  | For every additional \$5,000 you put in, you will be charged \$0.  |
| <b>PLUS MANAGEMENT COSTS</b><br>Comprising management fee + recoverable expenses + indirect costs | Estimated at 1.58% p.a. of the Fund's net asset value. | And, for every \$50,000 you invest in the Fund you will be charged \$790 each year   |
| <b>EQUALS COST OF FUND</b>  |  | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$790.<br><br><b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b> |

Assumes the \$50,000 is invested for the entire year and the \$5,000 investment occurs on the last day of the year. Management costs are made up of the management fee, recoverable expenses and indirect costs. Additional fees and charges may apply, such as transactional and operational costs and the buy-sell spread. For more information, see "Additional Explanation of Fees and Costs" section below.

## ADDITIONAL EXPLANATION OF FEES AND COSTS

### Management costs

The management costs for the Fund incorporate all relevant fees and other costs involved in managing the Fund and deriving investment returns, other than transactional and operational costs. The management costs comprise the management fee, recoverable expenses and indirect costs.

### Management fee

This fee, expressed as a range, covers the fees payable to the Responsible Entity for acting as responsible entity, to Centric for investment advisory services, and the various fees payable to the selected investment manager(s) for their investment management services (excluding fees charged in any underlying fund in which the Fund may invest – see "Indirect costs" below). It is deducted from the Fund's assets and reflected in the unit prices.

### Recoverable expenses

The Fund's constitution allows all properly incurred expenses to be recovered directly from the Fund and does not place any limit on the amount or types of expenses that can be recovered. These will be deducted from the Fund's assets and reflected in the unit prices.

The estimated recoverable expenses in the above table refer to the expenses normally incurred in the day to day operation of the Fund, such as custodian fees, fund administrator fees, registry costs, audit, legal and tax fees, and postage and printing costs.

As at the date of this Booklet the normally incurred recoverable expenses of the Fund for the previous financial year ended 30 June 2017 are estimated at 0.12% p.a. of the Fund's net asset value.

Abnormal recoverable expenses are expenses that are not normally incurred in the day to day operation of the Fund and are not necessarily incurred in any given year. They may include costs associated with unitholder meetings, changing the Fund's constitution, or defending or pursuing legal proceedings. Any such expenses will be recovered from the Fund and reflected in the Fund's unit prices. The abnormal recoverable expenses of the Fund for the previous financial year ended 30 June 2017 were nil.

### Indirect costs

Indirect costs are any amounts that the Responsible Entity knows or where required, reasonably estimates, will reduce the Fund's returns that are paid from the Fund's assets (other than the management fee, recoverable expenses and transactional and operational costs described elsewhere in this section) or that are paid from the assets of any interposed vehicle (such as an underlying fund) in which the Fund may invest.

The means by which the Fund obtains its cash exposure may include investment in ASX quoted cash trusts managed by the Responsible Entity ("Related Funds"). The Responsible Entity may use Related Funds if it considers the investment is consistent with the Fund's investment objective and investment strategy and will otherwise be in the best interests of unitholders. If used, the Fund may also incur the management costs charged in the Related Fund, which will be reflected in the returns of the Related Fund and the indirect costs of the Fund.

At the date of this Booklet the indirect costs of the Fund for the previous financial year ended 30 June 2017 are estimated at 0.0% p.a. of the net asset value of the Fund.

### Performance fee

The Fund does not charge a performance fee. If the Fund invests in a pooled fund or via a separately managed account managed by a selected investment manager, the investment manager may charge a performance related fee in that fund or account, which would be borne by the Fund and reflected in the Fund's unit prices. Any performance related fee will generally not exceed 30% of the outperformance of the underlying pooled fund or account over its performance hurdle. The amount any such performance related fee will be reflected in the estimated indirect costs of the Fund disclosed from time to time. As at the date of this Booklet, the Fund's selected investment managers do not have a right to charge a performance related fee.

### Transactional and operational costs

Transaction and operational costs incurred in buying and selling the Fund's assets, such as brokerage, stamp duty, taxes, settlement costs, custodian transaction costs, hedging costs and other transaction fees will be paid by the Fund. These types of costs may also be incurred in any interposed vehicle (such as an underlying fund) in which the Fund may invest and reflected in the Fund's unit prices. Transactional and operational costs are an additional cost and are not included in the management costs.

The Fund's total transactional and operational costs for the previous financial year ended 30 June 2017 are estimated at 0.28% p.a. of the Fund's net asset value. However, the Fund recovers an estimate of these costs from investors when applying for, or redeeming, units via the buy-sell spread (see "Buy-sell spread" below). The net transactional and operational costs of the Fund (representing the total transactional and operational costs minus the transactional and operational costs reimbursed to the Fund out of the buy-sell spread) are estimated at 0.00% p.a. of the Fund's net asset value for the previous financial year ended 30 June 2017. Any net transactional and operational costs are borne by the Fund.

Any transactional and operational costs are in addition to the management costs set out in the tables above.

The amount of these costs can be expected to vary from year to year depending on the volume and value of transactions undertaken.

### Buy-sell spread

When units are acquired, the entry unit price is increased by a buy-spread. The buy-spread reflects the estimated transaction costs of acquiring investments with the inflow of funds. When units are redeemed, the exit unit price is decreased by a sell-spread. The sell-spread reflects the estimated transaction costs of disposing of investments to satisfy the redemption. The buy-sell spreads are an additional charge to you and are paid to the Fund (not to the Responsible Entity) to seek to ensure that the estimated transaction costs associated with applications and redemptions are borne by the transacting investors so that other investors are not disadvantaged by this activity.

As at the date of this PDS, the buy-spread is +0.30% of the entry unit price for applications (equivalent to \$150 for an application of \$50,000) and the sell-spread is -0.30% of the exit unit price for redemptions (equivalent to \$150 for a redemption of \$50,000). The Responsible Entity may vary the

buy-sell spread from time to time and prior notice of variation will not normally be given.

### Indirect (IDPS) investors

You should note that the fees and costs outlined in the PDS and this Booklet are in addition to any other fees and costs imposed by your IDPS operator.

### Adviser service fee

You may agree to pay your adviser a fee for any financial advice they provide to you. These are separate to any fees charged by the Responsible Entity in respect of an investment in the Fund, as described in the PDS and this Booklet.

### Payments to IDPS operators

Subject to applicable law, IDPS operators may charge fees (flat dollar amounts) for offering the Fund on their investment menus. If these product access fees are paid, they will be paid as an expense of the Fund and are included in the estimated recoverable expenses in the above table of fees or costs.

### Soft dollar arrangements

The Fund's selected investment managers may engage in dealings with soft dollar brokers, and receive soft dollar benefits, as part of their normal operations. These arrangements, which may include the provision of benefits such as investment research or other products or services to the investment manager, are undertaken in accordance with the relevant investment manager's policies and are generally used to assist with the investment decision making process.

### Differential fees, rebates and related payments

The Responsible Entity may, from time to time, agree with wholesale clients to rebate or reduce some of the management or other fees on a case by case basis. The amount of fee reduction is at the Responsible Entity's discretion. The Responsible Entity will achieve these reductions and meet any rebates in relation to management fees by payments from its own resources. For more information, please contact the Responsible Entity.

### Maximum fees

The Fund's constitution limits the types of fees and the fee maximums as follows:

- Management fee – 3% of the Fund's net asset value (plus GST).
- Application fee – 5% of the aggregate issue price of the units applied for (plus GST).
- Redemption fee – 5% of the aggregate withdrawal amount of the relevant units (plus GST).

Until further notice, the Responsible Entity has determined to limit the management fee as set out in the above table of fees or costs and to waive the application fee and redemption fee described in the constitution.

### Changes in fees

The fees can be changed without your consent, for example, having regard to economic or regulatory factors. The Responsible Entity will provide at least 30 days prior notice to your IDPS operator of any proposed increase in fees (except

any changes to the buy-sell spread) or introduction of new fees up to the maximums allowed under the Fund's constitution.

Any estimates of fees and costs in this Booklet are based on information available as at the date of this Booklet. As such, the actual fees and costs may differ and are subject to change from time to time. Information in this PDS that is not materially adverse to investors is subject to change from time to time and may be updated by the Responsible Entity by publishing such information on the Fund's website at [www.cpsgmt.com.au](http://www.cpsgmt.com.au). A paper copy of any updated information will be provided free of charge on request.

## **7 HOW MANAGED INVESTMENT SCHEMES ARE TAXED**

This section provides further information about taxation matters relating to the Fund.

This taxation information is a general summary and does not take into account specific circumstances. It addresses tax consequences for Australian resident investors only and is based on Australian income tax, stamp duty and GST laws which have been enacted as at the date of this Additional Information Booklet. This taxation summary assumes that the investor will hold the units in the Fund directly or will be taken to hold those units directly for tax purposes. It is not exhaustive and, in particular, does not deal with the position of certain classes of investors (including non residents). Importantly, changes to taxation rules could impact on the return realised by investors in the Fund. The Responsible Entity recommends that you seek independent professional taxation advice that is specific to your circumstances.

### **Taxation of the Fund**

The Fund is resident in Australia for taxation purposes. As investors in the Fund will ordinarily be presently entitled to all of the income of the Fund, the Fund itself should generally not be liable for income tax. Instead, investors in the Fund will be taxed on their share of the Fund's taxable income for that income year, even if payment of the entitlement does not occur until after the end of the financial year.

### **Disposal of investments by the Fund**

The disposal of investments by the Fund may result in taxable income for the Fund. Generally, a gain arising on the disposal of investments will be included in the Fund's distribution amount.

### **Taxation of the Investor's income entitlement from the Fund**

Distributions of distributable income will be made at least on an annual basis. All investors who hold units in the Fund at the end of the relevant distribution period are entitled to share in the distribution, pro rata to the number of units which they hold.

Investors who are presently entitled to the distributable income of the Fund as at year end should be assessed on the taxable income of the Fund, in proportion to their entitlements to that distributable income.

Investors may be entitled to claim a foreign income tax offset (foreign tax credit) for foreign tax paid or deemed to have been paid by the investor in relation to assessable income or capital gains received from the Fund in relation to foreign investments.

### **Taxation treatment of investor's unitholding in the Fund**

Investors will generally realise a capital gain or loss on disposal, transfer or redemption of units in the Fund. (This assumes that investors hold their units in the Fund on capital account. If not, other tax consequences will apply).

It is also possible for investors to receive a tax deferred amount in relation to their distribution from the Fund.

### **Streaming of gains-significant redemptions**

If the Responsible Entity determines that the size of a particular redemption is significant, any capital gains arising from investments sold to meet the redemption will be distributed or "streamed" to the redeeming unitholder, with the aim that remaining unitholders will not be adversely affected by such capital gains.

The redeeming unitholder's withdrawal amount may therefore comprise a distribution of the income of the Fund as well as the payment of the redemption price for the units which are to be redeemed.

The split between the components of the withdrawal amount (that is, how much of it represents a specific entitlement to a capital gain, and how much represents the price paid on redemption of the units), will not be known until after the financial year end. If such distribution occurs, the distribution amount will be notified to the unitholder within two months of the end of the financial year in which the significant redemption occurs.

It is possible that certain other income or gains (other than capital gains) may be streamed to redeeming unitholders under a significant redemption.

### **Foreign accruals regimes**

The Fund may invest in foreign entities which could mean the Fund becomes subject to Australia's current or any future foreign accruals tax regimes.

If relevant foreign accruals rules apply and if required under the taxation laws, the Fund will determine the income to be recognised under the applicable foreign accruals tax regimes and may undertake investment actions necessary to comply with the requirements. Generally, all attributable income will be included within the taxable income of the Fund (even if unrealised) and will be taxed in the hands of the investor.

### **Foreign Account Tax Compliance Act (FATCA) & OECD Common Reporting Standard (CRS)**

FATCA was enacted by the U.S. Congress to target non-compliance by US taxpayers using foreign accounts. In order to prevent FATCA withholding tax being applied to any US connected payments made to the Fund in Australia, the Fund is required to collect and report information to the Australian Taxation Office relating to certain U.S. accounts, which may be exchanged with the U.S. Internal Revenue Service.

Similar to FATCA, the CRS is the single global standard for the collection, reporting and exchange of financial account



information on foreign tax residents. Australian financial institutions need to collect and report financial account information regarding non-residents to the Australian Taxation Office.

Accordingly, the Fund may request that unitholders provide certain information about themselves in order for the Fund to comply with its FATCA or CRS compliance obligations.

### **Tax reform**

Taxation laws and administrative practices change from time to time. Australia is in the process of taxation reform. These reforms may impact the taxation of the Fund and you as an investor. It is an investor's responsibility to consider and monitor the impact of any taxation reforms impacting their investment, both now and into the future.

### **Attribution Managed Investment Trust (AMIT) regime**

On 5 May 2016, the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016* received Royal Assent, introducing into taxation law the new AMIT regime. An AMIT, in broad terms, is a managed investment trust (MIT) whose unitholders have clearly defined interests in relation to the income and capital of the trust and the responsible entity has made an irrevocable election to apply the regime.

The regime can apply to a trust from 1 July 2016, and had an optional early start date of 1 July 2015.

The AMIT rules contain a number of provisions that will impact on the taxation treatment of the Fund. The key features of the new tax system include:

- an attribution model for determining member tax liabilities, which allows amounts to retain their tax character as they flow through a MIT to its unitholders;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;
- deemed fixed trust treatment under the income tax law;
- upwards cost base adjustments to units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions.

The Responsible Entity will monitor the impact of the AMIT rules on the Fund in order to determine if it should elect into the regime.

Reforms to the taxation of trusts are generally ongoing. Unitholders should seek their own advice and should monitor the progress of announcements and proposed legislative changes to assess their potential impact.

### **Goods and Services Tax (GST)**

The issue and redemption of Units should not be subject to GST. However, fees and expenses, such as the Responsible Entity's fees, incurred by the Fund would likely attract GST. For eligible expenses, a Reduced Input-Tax Credit (RITC) may be able to be claimed.

### **Stamp duty**

The issue or redemption of units should not attract any stamp duty. Stamp duty may be payable on the transfer of units.

### **Tax File Number ("TFN") or Australian Business Number ("ABN")**

Unitholders will be requested by the Fund to provide their TFN or ABN (if applicable) or claim an exemption in relation to their investment in the Fund. It should be noted that there is no obligation to provide a TFN, however, unitholders who do not provide their TFN or ABN or claim an exemption may have tax deducted from distributions at the highest marginal rate plus applicable levies.

### **Non-resident investors**

Distributions to non-resident unitholders may have tax withheld by the Responsible Entity.

## **8 HOW TO APPLY**

### **Complaints**

If a Unitholder has a complaint regarding the Fund or services provided by the Responsible Entity, please contact Client Services on 1300 487 577 (within Australia) or +61 2 9290 6888 (outside Australia) from 9:00 am to 5:00 pm Sydney time, Monday to Friday.

If the complaint is not satisfactorily resolved within three business days, a Unitholder may refer the matter in writing to:

Manager Client Services  
BetaShares Capital Ltd  
Level 11, 50 Margaret Street  
Sydney NSW 2000

To expedite a resolution of the matter, copies of all relevant documentation and other materials supporting the complaint should be provided with the complaint.

The Responsible Entity will try to resolve complaints as soon as possible, but in any event, will inform the Unitholder in writing of its determination regarding the complaint within 45 days of receiving the initial complaint.

In the event that a Unitholder is not satisfied with the outcome of a complaint, the Unitholder has the right to request the Responsible Entity to review their decision or to refer the matter to an external complaints resolution scheme. The Responsible Entity is a member of the Financial Ombudsman Service Limited (FOS). Unitholders can contact FOS on 1800 367 287, or at the following address:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne VIC 3001  
Email: [info@fos.org.au](mailto:info@fos.org.au)

Information may also be obtained at [www.fos.org.au](http://www.fos.org.au). To be considered by FOS, the claim involved must fall within FOS's jurisdiction as set out in their Terms of Reference (published on the above website), including that any claim must not exceed \$500,000 (as may be amended by FOS from time to time).

Where you invest via an IDPS, any enquiries and complaints should generally be directed to the IDPS operator and not to us. From 1 January 2018 however, all investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS) are able to access the complaints procedures outlined above. If investing via an IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

### **Privacy policy**

As you will be investing indirectly in the Fund via your IDPS, we do not collect or hold your personal information in connection with your investment in the Fund. Please contact your IDPS operator for more information about their privacy policy.

### **Anti-money laundering**

The Responsible Entity is bound by laws regarding the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Laws). Even though you will be investing indirectly in the Fund via your IDPS the IDPS acknowledges on your behalf that:

- it does not subscribe to the Fund under an assumed name;
- any money used to invest in the Units is not derived from or related to any criminal activities;
- any proceeds of the investment will not be used in relation to any criminal activities;
- if the Responsible Entity requests, the IDPS operator will provide to it any additional information that is reasonably required for the purposes of AML/CTF Laws (including information about the investor, any beneficial interest in the Units, or the source of funds used to invest);
- the Responsible Entity may obtain information about the IDPS operator or any beneficial owner of a Unit from third parties if it is believed this is necessary to comply with AML/CTF Laws; and
- in order to comply with AML/CTF Laws, the Responsible Entity may be required to take action, including:
  - delaying or refusing the processing of any application or redemption; or
  - disclosing information that the Responsible Entity holds about the IDPS operator or any beneficial owner of the Units to the Responsible Entity's related bodies corporate or service providers, or relevant regulators of AML/CTF Laws (whether in or outside of Australia).