



MELIOR AUSTRALIAN IMPACT FUND

Reference Guide

ARSN 634 081 744 APIR PIM4806AU

25 May 2023

The Trust Company (RE Services) Limited
ABN 45 003 278 831
Australian Financial Services Licence (AFSL) No. 235150

The information in this document forms part of the product disclosure statement dated 25 May 2023 and is issued by The Trust Company (RE Services) Limited as responsible entity of the Melior Australian Impact Fund.

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ABOUT THIS REFERENCE GUIDE

The information in this Reference Guide forms part of the PDS issued by The Trust Company (RE Services) Limited (the **RE**, Responsible Entity, **we** or **us**) as responsible entity of the Melior Australian Impact Fund (ARSN 634 081 744) (**Fund**) and dated 25 May 2023.

Defined terms used in the PDS have the same meaning in this Reference Guide unless stated otherwise.

We recommend that you keep a copy of the PDS, the TMD and this Reference Guide for the Fund handy for future reference.

The information contained in the PDS and this Reference Guide is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should read this Reference Guide together with the PDS (in their entirety) and the TMD before making a decision to invest in the Fund. You should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances before proceeding to acquire or dispose of units in the Fund.

You can access the PDS, the TMD and this Reference Guide on www.meliorim.com.au. You can obtain, free of charge, a paper copy of the PDS, the TMD and this Reference Guide upon request by contacting Melior on +61 2 9004 6071.

TABLE OF CONTENTS

A	How the Fund works	3
B	Benefits of investing in the Fund	5
C	Risks of managed investment schemes	6
D	How we invest your money	7
E	Fees and costs	10
F	How managed investment schemes are taxed	11
G	More information	14



HOW THE FUND WORKS

INVESTING AND WITHDRAWING

APPLICATIONS

To invest in the Fund, Wholesale Clients¹ may use the application form accompanying the PDS. Retail investors may invest via an IDPS. Additional investments can be made at any time by completing an application form and will generally be processed daily. Any interest earned in the application or distribution account will be retained within the Fund.

If you apply for units in the Fund using electronic means, you accept full responsibility (to the extent permitted by law) for any loss arising from us acting upon application forms and supporting documents received by electronic means. You release and indemnify us and our agents for any liabilities arising from us or our agents (including our Administrator and Custodian) acting on application forms and supporting documents received by electronic means, even if those documents are ultimately found to be deficient. You also agree that neither you nor any other person has any claim against us and our agents (including the Administrator) in relation to a payment processed, units issued, or other action we or they take if we or they rely on application forms and supporting documents received by electronic means.

REINVESTMENT OF DISTRIBUTIONS

Any distributions reinvested are reinvested at the ex-distribution mid-price. The ex-distribution mid-price is calculated by taking the value of the investments of the Fund and taking away the value of the liabilities as defined in the Fund's constitution including the provision for distributions. We make no adjustment for costs of buying or realising investments (called a buy/sell spread). We divide the result of this by the number of units we have on issue. These steps give us a per unit price used in connection with reinvestment of distributions. Further information for New Zealand investors is set out in Part G.

WITHDRAWING

Units in the Fund are not listed on any stock exchange like the ASX, so you cannot sell your units through a stockbroker.

If you want to withdraw your units, you can provide a signed withdrawal request form which will be provided by the Melior team upon request or submit an electronic withdrawal request on the following conditions:

- all instructions must be via an approved electronic means. Approved electronic means include fax and Melior's online investor portal;
- all instructions must be legible;
- fax instructions must bear your investor number and signature; and
- withdrawal proceeds will only be transferred to the financial institution account previously nominated on the application form initially received from you or otherwise notified to us in writing. (note that to make any account changes, we require an original authorisation signed by the relevant account signatories).

If you request a withdrawal of units in the Fund using electronic means, you accept full responsibility (to the extent permitted by law) for any loss arising from us acting upon electronic instructions which comply with the above conditions and you also agree to release and indemnify us and our agents (including the Administrator) in respect of any liabilities arising from us acting on electronic instructions even if those instructions are ultimately found to be deficient. You also agree that neither you nor any other person has any claim against us or our agents (including the Administrator) in relation to units withdrawn, a payment made or action we or they take if we or they rely on documents purportedly from you received by electronic means in accordance with the above conditions.

The amount of money you receive is determined by the unit price we calculate at the time of your withdrawal request. We can withhold from amounts we pay you any amount you owe us, or we owe someone else relating to you (for example, the Australian Taxation Office (ATO)).

We generally pay withdrawal proceeds in cash to your bank account; however, we are permitted under the constitution of the Fund to pay withdrawal proceeds in kind (i.e. in specie).

PAYMENTS CAN BE DELAYED

In certain circumstances we may need to delay withdrawal of your money. We can delay withdrawal of your money for 180 days or such period as considered appropriate in our view in all circumstances, including where:

- there are not enough investments which we can easily turn into cash (the law dictates this). We don't anticipate the Fund would ever become illiquid but if it did, the law says we can (if we wish) make some money available, and requires us to allocate it on a pro rata basis amongst those wanting to exit;
- something outside our control affects our ability to properly or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty like a stock market crash). We can delay payment for so long as this goes on;
- we receive a quantity of withdrawal requests representing more than 10% of the net asset value of the Fund. We can stagger withdrawal payments;
- we would be in breach of our legal obligations if we were to proceed with the withdrawal;
- processing of withdrawal requests would require a significant amount of the assets to be realised and could unfairly impact the remaining investors (for example, due to capital gains tax consequences, impact on asset values or adherence to the investment strategy);
- there is a closure or material restriction on trading on a stock exchange on which assets are traded or realisation of the assets cannot be effected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market;
- the Fund's cash reserves fall and remain below 5% for 10 consecutive business days;

¹ "Wholesale Client" is defined in section 761G of the *Corporations Act 2001 (Cth)*.

- the Fund's cash reserves are insufficient to pay withdrawal requests and meet operating expenses; or
- we consider it is in the best interests of the Fund's investors to delay withdrawal of units.

The constitution for the Fund sets out the full range of circumstances in which we can delay withdrawal of your money.

COMPULSORY WITHDRAWALS

In certain circumstances we can, or may be required to, redeem some or all of your units without you asking, including:

- if the value of your holding falls below the minimum investment amount;
- if you breach your obligations to us (for example, you provide misleading information in your application form);
- to satisfy any amount of money you owe us (as responsible entity or in any other capacity relevant to the Fund);
- to satisfy any amount of money we (as responsible entity or in any other capacity relevant to the Fund) owe someone else relating to you (for example, to the ATO);
- where we suspect that the law, regulation or our TMD restricts or prohibits you from being an investor;
- if there is or would be a breach of the Fund's constitution;
- if you cease to be eligible to hold units in the Fund;
- if we determine that your continued participation in the Fund might cause us or you to breach any law, or if there is, or we reasonably consider that there could be, litigation commenced or threatened against us or any of the Fund's investors due to your participation in the Fund; or
- in such other circumstance as we determine in our absolute discretion (but we must always act in the best interests of investors as a whole when deciding to do this).

The constitution for the Fund sets out the full range of circumstances in which we can redeem some or all of your units.

HOW WE CALCULATE UNIT PRICES

We calculate unit prices in three easy steps:

1. we calculate the value of the investments of the Fund and take away the value of the liabilities as defined in the Fund's constitution;
2. then we make an adjustment (up for the entry price, to take account of the costs of buying investments or down for the exit price to take account of the costs of realising investments – called a buy/sell spread). The buy/sell spreads do not represent a fee payable to us or the Investment Manager and are discussed in more detail in "Additional explanation of fees and costs" in the PDS; and
3. last, we divide the result of this by the number of units we have on issue.

These steps give us a per unit price.



BENEFITS OF INVESTING IN THE FUND

BENEFITS AND FEATURES

EXPERIENCE

Managed funds pool investor money in one place, and the professionals who manage the Fund use their resources, experience and expertise to make the investment decisions.

CORPORATE GOVERNANCE

Under the Corporations Act and the Fund documents, investors are provided with several layers of independent oversight providing a robust and appropriate corporate governance structure. The structure provides additional investor safeguards through the separation of duties, specialisation of expertise, clear lines of responsibility and layered approval processes.

We are the responsible entity and we operate and administer the Fund. We hold an appropriate AFSL.

We have appointed Citigroup Pty Limited as the independent custodian to hold the assets of the Fund. Citigroup Pty Limited also provide fund administration, registry and AML services to the Fund.

We have also appointed the Investment Manager of the Fund (Melior).

CLEAR LEGAL RIGHTS

The constitution establishes the Fund and sets out the rules. Together with the PDS and the law from time to time, it governs your relationship with us and provides you with your (and our) legal rights.

It gives us rights to be paid fees and expenses and be indemnified from the Fund. It governs (amongst other things) our powers (which are very broad), investor meetings and unit issue, pricing and withdrawal, as well as what happens if the Fund terminates.

The constitution limits our need to compensate you if things go wrong. Generally, subject always to liability which the Corporations Act imposes, we are not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

The constitution also contains a provision that it alone is the source of the relationship between you and us and not any other laws (except, of course, those laws that cannot be excluded).

We must have investor approval to make changes to the constitution that are adverse to the rights of investors.

You can obtain a free copy of the Fund's constitution by calling us on +61 2 9229 9000.



RISKS OF MANAGED INVESTMENT SCHEMES

RISKS IN GENERAL

ABOUT RISK AND RETURN

All investments are subject to varying risks and the value of your investment can decrease as well as increase (i.e. you can experience investment gains or investment losses).

Investment returns are affected by many factors including market volatility, interest rates and economic cycles. Changes in value can be significant and they can happen quickly.

Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in several different types of investments (often called diversification).

The significant risks associated with investing in this Fund are discussed in the PDS.

We cannot eliminate all risks and cannot promise that the ways they are managed will always be successful. However, the Investment Manager's process is an important step in managing many of these risks.

The performance of the Fund will be influenced by many factors, some of which are outside our control and the Investment Manager's control.

If these risks materialise, your distributions may be lower than expected or there may be none. The value of your investment could fall, and you could lose money.

ABOUT IMPACT AND ESG ASSESSMENT RISKS

Funds that consider impact and/or ESG assessments in their investment decisions are subject to risks arising from those impact and/or ESG assessments.

Conducting an impact or ESG assessment involves the analysis of data and the making of calculations, estimates, assumptions and subjective judgements. Actual impact or ESG outcomes may differ from the results of the analysis performed or the calculations, estimates, assumptions or judgments made at the time of the assessment.

Impact and ESG assessments are dependent on available data. If there are inaccuracies or gaps in the available data, this may affect the accuracy and/or outcome of the assessments.

Further, a company's activities and characteristics could materially change subsequent to the date of Melior's Impact or ESG Assessments, in which case Melior's assessments may no longer be current and accurate.

Therefore, Melior's expectations about a company with respect to Impact and ESG which are formed at the time an Impact or ESG Assessment is conducted and/or the Fund invests in the company may not always be fulfilled.

WAYS TO MANAGE YOUR RISK

You can help manage your own risks too. You can:

- know your investment goals and your risk tolerance;
- understand risk and return and be comfortable that an investment may not give you the outcomes you hope for;
- diversify your investments (that is, don't invest all your monies in the Fund);
- keep track of your investment; and
- speak with a financial adviser and make sure the Fund is the right investment for you.



HOW WE INVEST YOUR MONEY

INTRODUCTION

The Fund invests in listed companies, predominantly large listed companies, that Melior believes have the ability to deliver long-term competitive financial returns and have, or will have, a net positive contribution to the SDGs.

The SDGs comprise 17 universal, global goals with 169 sub- goal targets to reach by 2030. They were formally adopted by all 193 UN member states in New York in September 2015.

Australia and New Zealand committed to achieving the SDGs by 2030 in 2015 and both countries have been identified as having major challenges in delivering their goals. The Sustainable Development Report 2022² notes that Australia is not “on track” to achieve any of the 17 goals to be delivered by 2030 and notes that New Zealand is only “on track” to achieve 3 of the 17 goals³.

Melior seeks to help Australia and New Zealand make progress towards their SDGs by 2030 through its Investment Capital, Active Corporate Stewardship and Public Advocacy activities.

Melior believes that listed companies in Australia and New Zealand can play an important role in helping improve Australia’s and New Zealand’s current lack of progress in achieving the SDG goals by 2030 given their ability to influence operating practices and deploy technologies, products and solutions at scale.

SUSTAINABLE DEVELOPMENT GOALS



Source: United Nations Sustainable Development Goals, available at <http://www.un.org/sustainabledevelopment/sustainable-development-goals>

MELIORS INVESTMENT PROCESS

To deliver long-term competitive financial returns and positive environmental and social impact, Melior believes a company must focus on “what” it offers as well as “how” it operates.

To determine which companies to allocate capital to Melior follows a four-step investment process:

1. Impact Assessment: To be considered for investment by the Fund, companies need to first satisfy Melior’s Impact Assessment. This assessment considers factors such as extent and likelihood of the positive and, where relevant, negative impacts of the company’s core goods and services on achieving the SDGs.

To satisfy the Impact Assessment a company needs to contribute to at least one or more SDG sub goals based on the company’s core goods and/or services or for large companies be demonstrating leadership on climate action or gender equality and have a net positive impact score.

Melior assesses climate action leadership using its Climate Action Transition Framework (referred to below). Melior believe that these leaders can contribute positively to SDG13: Climate Action by helping achieve the SDG13.3 sub goal which includes improving “Institutional capacity on climate change mitigation”.

Gender equality leadership is assessed through Melior’s proprietary Gender Lens Investing Framework Assessment. This framework seeks to identify leading companies contributing to SDG 5 by helping to achieve the SDG sub goal 5.5 “ensuring women’s full and effective participation and equal opportunities for leadership”.

At this stage of the investment process, Melior also assesses whether a company has an exposure to an ‘excluded industry’ (excluded industries are described below).

2 Sustainable Development Report 2022 by Jeffrey D. Sachs, Guillaume Lafortune, Christian Kroll, Grayson Fuller, and Finn Woelm

3 Sustainable Development Report 2022. Figure 2.9, page 21.

4 Sources: Estimates derived from most recent company reports, Workplace Gender Equality Agency data, ASX announcements, company websites, Glass Lewis, Reconciliation Australia, National Greenhouse and Energy Reporting, Bloomberg Science Based Targets Initiative, Task Force on Climate Related Financial Disclosures, EMMI, Australian Packaging Covenant Organisation, Task Force on Nature Related Financial Disclosures, Hesta 40 40, Australian Workplace Equality Index, Global Company and Melior estimates.

- 2. ESG Assessment:** Companies that satisfy Melior's Impact Assessment are then assessed on how they operate from an ESG perspective. A proprietary framework of approximately 100 quantitative and qualitative ESG factors (such as emissions, waste, gender equality, animal welfare, board remuneration and composition) is used to analyse companies ESG characteristics. Melior may also allocate capital to companies that it believes are making meaningful commitments to ESG improvements that Melior considers will, if successfully implemented, contribute to the company's long-term competitive financial returns.
- 3. Financial Assessment:** For the companies that have satisfied the Impact Assessment and the ESG Assessment, Melior applies its proprietary valuation framework and company modeling analysis to determine which of those have strong financial credentials.
- 4. Portfolio Construction:** Melior then constructs a long-term focused, high conviction portfolio of 20 to 50 stocks across different sectors taking into account factors such as macro-economic conditions, liquidity, diversification and concentration limits.

Melior actively monitors investments from an impact, ESG and financial perspective to ensure they continue to meet the Fund's investment criteria.

EXCLUDED INDUSTRIES

The Fund's investment process means that industries which Melior has identified as detracting from the SDGs are largely avoided by design.

Melior applies the following general exclusions and supply chain exclusions as part of its investment process to ensure companies which it considers have material exposure to excluded industries are avoided.

A reference to a company's "gross revenue" in this section means the company's gross revenue or the best available proxy for gross revenue as disclosed in the company's financial statements, as assessed on a rolling 12 month basis.

GENERAL EXCLUSIONS

The Fund does not intend to invest in companies which source 5% or more of their gross revenue from the following industries (assessed separately):

- alcohol manufacturing;
- armament manufacturing;
- gambling operations;
- pornography production;
- tobacco manufacturing;
- ultra-processed foods manufacturing such as fast food, soft drinks and confectionery that, if consumed frequently, are known to be associated with diseases such as obesity;

- uranium production and nuclear energy; and
- thermal coal, gas, tar sands, oil, conventional and unconventional gas production (subject to our Climate Action Transition Framework exclusion exception described in the following section).

SUPPLY CHAIN EXCLUSIONS

The Fund does not intend to invest in companies which derive 5% or more of their gross revenue from selling any of the Excluded Industries' goods or services or from the provision of financial services to any of the Excluded Industries.

The Impact Assessment also considers the downstream use of a company's goods and services in assessing the company's positive and negative contributions to the SDGs.

CLIMATE ACTION TRANSITION FRAMEWORK EXCLUSION EXCEPTION

Melior recognises that companies which emit greater than 1 million tonnes of greenhouse gas emissions or equivalent per annum and have small exposures (less than 10% gross revenue) to excluded fossil fuel industries have the potential to have a net positive impact on climate change if they demonstrate climate action leadership.

Melior has developed a Climate Action Transition Framework Assessment to identify high emitting companies that are climate action leaders and which can have a positive impact on SDG13.3 through factors such as credible net zero emissions targets, evidence of progress towards these targets and a transition plan that considers the decommissioning, rehabilitation and social impacts of its emission generating activities.

Where a company satisfies the Climate Action Transition Framework Assessment criteria, Melior may include it in the Fund's investment universe if the company derives less than 10% of its gross revenue from excluded fossil fuel industries.

MONITORING AND DIVESTMENT STRATEGY

The Fund's exposure to any of the above industries and company gross revenues are regularly assessed based on company disclosures and Melior's analysis.

If a company's gross revenue exposure to any of the aforementioned industries increases above the relevant threshold, Melior will consider the company's expected future revenue exposure to the excluded industry, the company's intentions and the market conditions in determining whether and how to implement an orderly and timely divestment. This may result in the Fund temporarily maintaining its investment in a company with exposure above the relevant gross revenue threshold.

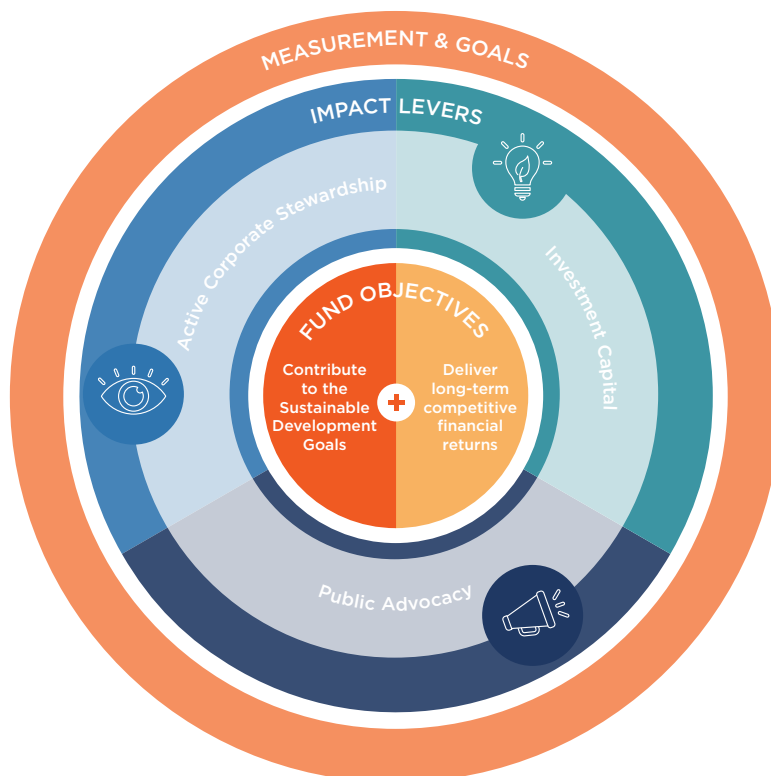
MELIOR'S CONTRIBUTION TO THE SDGS

To help address Australia and New Zealand's lack of progress in meeting the SDGs by 2030, Melior seeks to positively contribute to the SDGs through the following:

- **Investment capital** – Melior seeks to allocate the Fund's capital to listed companies that contribute to the SDGs and which satisfy all elements of the Investment Process described above. Capital allocation may take place at initial public offering or on the secondary market. Melior may continue to allocate capital to these companies through capital raisings during the holding period.
- **Active corporate stewardship** – Melior believes that influencing listed companies to improve the sustainability of their operating practices and/or their core goods and services can lead to significant positive environmental and social impact given their scale. Melior believes that companies that establish targets, incentives and outcomes or deploy additional capital towards improving the environmental sustainability and/or social impact of their core goods and services can drive forward real-world impact in areas such as water and waste reduction, gender equality or new technologies that contribute to the SDGs. Melior considers that it is possible to influence listed companies to achieve these benefits whether or not the Fund has invested in those companies. Melior seeks to influence listed companies' behaviour (including via proxy voting) by encouraging them to adopt, continue or increase measures which are designed to improve the positive environmental and social impact of their operating practices and/or core goods and services.

- **Public advocacy** - Melior seeks to drive enhanced contribution to the SDGs by conducting a range of considered public advocacy, collaboration and engagement activities designed to influence and educate industry and the broader community, and to influence key stakeholder behaviours. Activities include making public submissions and participating in industry group forums.

Melior uses a number of quantitative and qualitative measurements to track the Fund's and Melior's combined impact. You can find information in regular reporting provided by Melior on its [website](#).





FEES AND COSTS

ADDITIONAL EXPLANATION OF FEES AND COSTS

CAN FEES BE DIFFERENT FOR DIFFERENT INVESTORS?

The law allows us to negotiate fees with “wholesale” investors or otherwise in accordance with ASIC requirements. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at our discretion.

Qualified staff and Advisory Council members of Melior may invest in the Fund. Melior may offer a rebate of its investment management fees to them, with the proceeds of the rebate to be invested in additional units in the Fund.

WHAT ARE THE COSTS OF INVESTING AND WITHDRAWING FROM THE FUND?

We have a documented policy in relation to the guidelines and relevant factors taken into account when calculating unit prices, including all transaction costs and the buy-sell spread. We call this our unit pricing policy. We keep records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

CAN THE FEES CHANGE?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. The constitution for the Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Fund’s constitution, we would need the approval of the Fund’s investors.

We will give you (or your IDPS operator) 30 days’ written notice of any proposed increases to these fees.

We may accept lower fees than those disclosed in the fee table in section 6 of the PDS.

GOVERNMENT CHARGES AND TAXATION

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

The fees outlined in the PDS above are inclusive of GST and take into account any reduced input tax credits which may be available.



HOW MANAGED INVESTMENT SCHEMES ARE TAXED

AUSTRALIAN TAX TREATMENT OF THE FUND AND INVESTORS

It is recommended that all investors seek independent professional advice on the tax consequences of acquiring, owning and disposing of units in the Fund, based on their particular circumstances as the commentary in this Reference Guide is necessarily general in nature. Investors who are not resident in Australia should also obtain specific advice on the taxation implications, including such implications arising in their local jurisdiction as a result of investing in the Fund.

This Reference Guide does not consider the Australian tax considerations that may be relevant for:

- investors who hold units in the Fund as trading stock or revenue assets;
- financial institutions, insurance/life insurance companies, partnerships, tax exempt organisations or temporary residents;
- dealers in the units;
- Australian residents who hold their units as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- investors who change their tax residence while holding units; or
- investors who invest through IDPS, master funds or other portfolio administration services.

TAX POSITION OF THE FUND

The RE has made the election for the Fund to operate as an Attribution Managed Investment Trust (**AMIT**). 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 whose trustee or responsible entity has made an irrevocable election to apply the regime.

The RE should not generally be subject to tax in respect of the income and gains derived by the Fund in each financial year, provided investors are presently entitled to the income of the Fund or where the Fund is an AMIT, the RE attributes all of the taxable income of the Fund to investors in accordance with the AMIT rules and the Fund's constitution in each income year. It is noted that, under the AMIT rules, the cash paid to investors does not need to be equal to amounts attributed to those investors.

Where the Fund qualifies as a MIT, the RE intends to elect for deemed capital gains tax (**CGT**) treatment to apply to the Fund which applies to the Fund's investments in shares.

Any capital losses made by the Fund can be offset against capital gains in the same financial year or carried forward to offset future capital gains. Capital losses are not subject to the tax loss recoupment rules, however they cannot offset revenue gains.

TAX DISTRIBUTIONS FROM THE FUND

Resident taxpaying investors will include in their assessable income, their share of the "taxable income" of the Fund or the amount attributed to them by the RE and this will be advised to investors via the annual distribution statement or Attribution Managed Investment Trust Member Annual (**AMMA**) statement. Where the Fund is an AMIT during an income year, the amount attributed to investors will represent a fair and reasonable attribution of the Fund's taxable income determined by the RE in accordance with the Fund's constitution.

The Fund may receive franking credits if the Fund's underlying Australian investments declare franked dividends. The ability of investors to be able to utilise such franking credits will be subject to the investor satisfying certain conditions (such as the holding period rule) and their individual circumstances.

The Fund will be required to withhold tax from Australian sourced income attributed to non-resident investors. The amount to be withheld is dependent on a range of factors including the type of income and the country of residence of the investor.

Distributions to non-resident investors other than dividends, interest and royalties from the Fund may be subject to withholding tax. The Fund will withhold tax from such distributions to the extent they represent taxable income of the Fund other than non-Australian sourced income or capital gains on assets that are not "taxable Australian property" (**TAP**), which mainly includes direct and indirect interests in real property/land situated in Australia.

The withholding tax rate will depend on the country in which the relevant non-resident investor is a resident. For residents of countries with which Australia has an "effective" Exchange of Information (**EOI**) Agreement on tax matters and which have been specified in the legislation for these purposes the rate will normally be 15%. For residents of other countries i.e. non-EOI countries, the withholding rate will be 30%.

Further, unfranked dividends, interest and royalties derived by the Fund that are distributed to non-resident investors will be subject to withholding tax which is generally imposed at a rate of 30% for royalties and unfranked dividends and 10% for interest. Non-resident investors who are residents of a country that has entered into a Double Tax Agreement with Australia may be entitled to a lower rate of withholding tax.

COST BASE ADJUSTMENTS

The cost base of an investor's units in the Fund will generally be the amount the investor paid for the units (including incidental costs of acquisitions and disposals). However, changes to the cost base will be required to be calculated by each of the investors of the Fund on an annual basis. Where the Fund qualifies as an AMIT, broadly, the cost base will increase where the Fund attributes an amount of assessable income (including grossed up capital gains) or non-assessable non-exempt income. The cost base will decrease for amounts of cash distribution which an investor becomes entitled to or tax offsets attributed to the investor by the RE.

A reasonable estimate of the AMIT cost base net amount will be provided to members as part of the AMMA statement.

Similarly, where the Fund does not qualify as an AMIT, an investor's cost base should also be required to be reduced where an investor's cash distribution entitlement exceeds their share of taxable income of the Fund.

Where an investor's cost base is reduced to nil, further reductions in the cost base will be taken to be a capital gain for the investor.

DISPOSAL OR REDEMPTION OF UNITS

Australian resident investors will make a capital gain where the capital proceeds from the disposal or redemption of their units exceed the cost base of the relevant units. Conversely, a capital loss will arise if the capital proceeds are less than the reduced cost base of the relevant units.

Under current law, where the investor is an individual, an entity acting in the capacity of trustee (conditions apply) or a complying superannuation fund and the units have been held for more than 12 months, any capital gain arising from disposal or redemption of the units may be reduced by the relevant CGT discount (if applicable).

Non-resident investors may make a taxable capital gain on the disposal or redemption of units where they hold 10% or more of the units in the Fund and the units are considered TAP.

ANNUAL TAX STATEMENT

Investors should expect to receive an annual tax statement or, where the Fund qualifies as an AMIT for an income year, an AMMA statement for the Fund within 3 months after the end of each financial year. The statement will show the cash distributed and the taxable and non-taxable components and, where the Fund qualifies as an AMIT, a reasonable estimate of any adjustments to the investor's cost base of their units.

TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER REQUIREMENTS

It is not compulsory for an investor to quote a Tax File Number (**TFN**), claim a valid exemption for providing a TFN, or (in certain circumstances) provide an Australian Business Number (**ABN**). However, failure to obtain an appropriate TFN or ABN from investors will result in the RE being required to withhold at the top marginal rate with respect to amounts attributed to the investor (which may be creditable in their tax return).

There is no requirement for non-resident investors to provide a TFN or ABN.

GOODS AND SERVICES TAX

The acquisition and disposal of units in the Fund by the investors will not be subject to Goods and Services Tax (**GST**). However, GST may apply to fees charged to the investors by the Fund, the RE or the Investment Manager. All fees are quoted inclusive of GST and Reduced Input Tax Credits.

NEW ZEALAND TAX TREATMENT OF INVESTORS

There could be Australian tax implications for non-Australian resident investors, including New Zealand tax residents.

In addition to those Australian tax consequences, there will be New Zealand tax implications for New Zealand tax resident investors. The New Zealand tax information provided below is a brief guide only, assumes that you and your associates do not hold more than 10% of the total units on issue in the Fund, and is based on current laws and interpretation at the date of this Reference Guide. As the effects of tax on investments can be complex and may change over time, please seek your own professional tax advice.

For New Zealand tax purposes, the Fund is deemed to be an Australian resident company. New Zealand tax resident investors are treated as holding shares in the deemed company. The New Zealand tax treatment of New Zealand resident investors will depend on whether the ordinary rules, or the Foreign Investment Fund (**FIF**) rules apply to that particular investor's investment in the Fund. The FIF rules will apply to a New Zealand resident investor who holds offshore equity investments (including units in a unit trust but excluding, among other things, shares in most Australian resident companies listed on the ASX) the total cost of which is more than NZ\$50,000 or where the investor otherwise chooses to apply the FIF rules.

There are two main methods for calculating taxable income under the FIF rules. The primary method, the Fair Dividend Rate (**FDR**) method, will deem the investor to have an amount of taxable income equal to 5% of the opening market value of their units in the Fund at the beginning of the tax year (with an adjustment for any gains or losses on units in the Fund bought and subsequently sold within the same tax year). Individuals or certain family trusts can elect, on a year-by-year basis, to apply the Comparative Value (**CV**) method to calculate income under the FIF rules, instead of FDR. The CV method taxes investors on their total economic return from the Fund (both capital gains/losses and distributions) in the tax year. The CV method would be elected in a particular tax year if it produces less taxable income than FDR. If the FIF rules apply, any distribution from the Fund or gain on disposal of units will be taxed in accordance with the FIF rules and not separately taxed. The FIF rules are subject to various exceptions, and investors should seek specific tax advice if they believe the FIF rules apply to them.

For investors not subject to the FIF rules and instead subject to the ordinary rules, any distribution received from the Fund will be a taxable dividend. A redemption of the units in the Fund will give rise to a dividend broadly equal to the difference between the redemption proceeds and the average issue price of all units in the fund multiplied by the number of units redeemed. Whether the disposal of units in the Fund is a taxable event will depend on whether the units were acquired: (i) for the purpose of disposal; (ii) as a part of a business for which the acquisition and disposal of investments is an ordinary incident; or (iii) as part of a profit-making scheme or undertaking.

Any Australian withholding tax deducted from distributions from the Fund should be allowed as a credit against an investor's New Zealand income tax liability under the FIF rules or otherwise, subject to the general limitation that the credit allowed is the lesser of the New Zealand tax payable on income from the Fund and the Australian withholding tax withheld.



MORE INFORMATION

INVESTING VIA AN IDPS

When you invest via an IDPS, it is the IDPS operator which becomes the investor in the Fund (not you). It follows that the IDPS operator has the rights of an investor and can exercise them (or not) in accordance with their arrangements with you.

Speak with the IDPS operator to determine whether any cooling off rights are available to you through the service. Relevant references to “you” (for example, keeping you informed of material changes) in the PDS and this Reference Guide are references to the IDPS operator or its custodian as the holder of the units.

We are not responsible for the operation of any IDPS through which you invest.

Indirect investors complete the application forms for the IDPS and receive reports from that operator, not from us. The minimum investment, balance and withdrawal amounts may be different. You should also take into account the fees and charges of the IDPS operator as these will be in addition to the fees paid in connection with an investment in the Fund.

Enquiries and complaints about the IDPS should be directed to the IDPS operator and not to us. All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS), are able to access our complaints procedures outlined in the PDS. For indirect investors, if your complaint concerns the operation of the IDPS, you should contact the IDPS operator directly.

Indirect investors may rely on the information in this PDS. However, in addition to reading the PDS and this Reference Guide you should read the document that explains the IDPS.

KEEPING YOU INFORMED

We will:

- confirm every transaction you make;
- soon after the end of June each year send you a report to help you complete your tax return;
- send you an annual statement; and
- notify you of any material changes to this PDS and any other significant event as required by law.

Within 30 days of the day on which the units in the Fund are allotted to you as a result of reinvesting distributions, you will be sent a statement of the amount of the distribution and the number of units that have been allotted to you.

You have the right to receive from us, on request and free of charge, a copy of:

- the most recent annual report of the Fund (if any);
- the most recent financial statements of the Fund and, if those statements are not audited or reviewed by an auditor, a statement to that effect;
- a copy of the auditor’s report on those statements (if any);
- the current offer document (comprised of the PDS and this Reference Guide which forms part of the PDS); and
- the constitution of the Fund and any amendments to it.

Copies may be obtained electronically at www.meliorim.com.au or through the RE.

PRIVACY

We collect personal information from you in the application and any other relevant forms to be able to process your application, administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, we will not be able to do so. In some circumstances we may disclose your personal information to our related entities or service providers that perform a range of services on our behalf and which may be located overseas.

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- the kinds of personal information we collect and hold;
- how we collect and hold personal information;
- the purposes for which we collect, hold, use and disclose personal information;
- how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the Australian Privacy Principles (**APPs**), or a registered APP code (if any) that binds us, and how we will deal with such a complaint; and
- whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

Our privacy policy is publicly available at www.perpetual.com.au or you can obtain a copy free of charge by contacting us.

If you are investing indirectly through an 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 AND COUNTER-TERRORISM FINANCING

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML CTF Act**) and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the RE (**AML Requirements**), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML CTF Act is enforced by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**). In order to comply with the AML Requirements, the RE is required to, among other matters:

- verify your identity and source of your application monies before providing services to you, and to re-identify you if we consider it necessary to do so; and
- where you supply documents relating to the verification of your identity, keep a record of this documentation for 7 years.

The RE and any agent acting on its behalf reserves the right to request such information as is necessary to verify your identity and the source of the payment. In the event of your delay or failure by you to produce this information, the RE may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary, to comply with AML Requirements applicable to it. Neither the RE nor its agents shall be liable to you for any loss suffered by you as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The RE has implemented several measures and controls to ensure it complies with its obligations under the AML Requirements, including carefully identifying and monitoring investors.

As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where the RE has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused the RE or its agents are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of the RE's compliance with the AML Requirements as they apply to the Fund; and
- the RE or any agents acting on its behalf may from time to time require additional information from you to assist it in this process.

The RE has certain reporting obligations under the AML Requirements and is prevented from informing you that any such reporting has taken place. Where required by law, the RE may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. Neither the RE nor its agents are liable for any loss you may suffer as a result of the RE's compliance with the AML Requirements.

US TAX WITHHOLDING AND REPORTING UNDER THE FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

The Foreign Account Tax Compliance Act (**FATCA**) is a United States (**US**) tax law which was enacted to improve reporting of US persons' offshore investments to the US Internal Revenue Service (**IRS**) and can apply to certain Australian financial institutions. In order to comply with FATCA requirements, we:

- may require you to provide certain information regarding tax residency and relevant information for you (and your controlling persons, where applicable) (either at the time you make an application to invest in the Fund or any time after we issue units to you);
- may undertake certain due diligence procedures to determine your status for FATCA reporting purposes;
- will report required financial information (if any) about relevant investors' investment in the Fund to the ATO (who will provide that information to the IRS) on an annual basis; and
- may withhold tax as required under FATCA.

By making an application to invest in the Fund, you agree to provide us with the required information (tax residency and related information related to you and your controlling persons, if applicable) in order to comply with our FATCA obligations and, upon becoming an investor, to update us promptly if there is any change to this information provided.

COMMON REPORTING STANDARD (CRS)

The Common Reporting Standard (**CRS**) is a global standard for the collection, reporting and exchange of financial account information on foreign tax residents. The requirements are similar to those which exist under FATCA, however, the CRS applies to a greater number of countries. Australia has signed the Organisation for Economic Cooperation and Development's Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This agreement enables CRS information to be exchanged between the tax authorities of the jurisdictions that have adopted CRS legislation. Under the Australian CRS legislation, we are required to collect certain information about foreign tax residents (and controlling persons who are foreign tax residents, where applicable) and provide it to the ATO. Further, the ATO may pass this information on to tax authorities in other jurisdictions.

By making an application to invest in the Fund, you agree to provide us with the required information (tax residency and other information related to you and your controlling persons, if applicable) in order to comply with our CRS obligations and, upon becoming an investor, to update us promptly if there is any change to this information provided.

INFORMATION FOR NEW ZEALAND INVESTORS

Units in the Fund offered under the PDS and this Reference Guide (which forms part of the PDS) are offered to New Zealand as well as Australian investors.

NEW ZEALAND INVESTORS' WARNING STATEMENT

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

ADDITIONAL WARNING STATEMENT: CURRENCY EXCHANGE RISK

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

ADDITIONAL WARNING STATEMENT: DISPUTE RESOLUTION

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

The above statements are required pursuant to New Zealand's financial markets legislation. For the avoidance of any doubt, the RE will only remit distributions and redemptions in Australian dollars to an Australian bank account. If you credit New Zealand dollars to the Fund's application account, you may incur an unfavourable currency conversion rate and you will also have to pay any applicable fees. You can avoid these fees by only crediting Australian dollars.

NEW ZEALAND DISCLOSURES RELATING TO DISTRIBUTION REINVESTMENT

Distributions from the Fund will be automatically reinvested resulting in additional units being issued to you, unless you tell us otherwise.

Units issued as part of a distribution will be allotted in accordance with the terms and conditions set out in the constitution of the Fund and this offer document (comprised of the PDS and this Reference Guide which forms part of the PDS), and in compliance with the requirements of Australian law.

The allotment of units as part of a distribution reinvestment described in the offer document is offered to New Zealand investors on the following basis:

- At the time the price of the units allotted as part of a distribution reinvestment is set, we will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- The right to acquire, or require us to issue, units as part of a distribution reinvestment will be offered to all investors in the Fund of the same class, other than those who are resident outside Australia and New Zealand and who are excluded by us so as to avoid breaching overseas laws. Units will be issued or transferred on the terms disclosed to you in the PDS and this Reference Guide and will be subject to the same rights as units issued or transferred to all investors of the same class as you who agree to receive the units.