Attribution Managed Investment Fund Fact Sheet

What is an Attribution Managed Investment Trust (AMIT)?

An AMIT is a managed investment trust that has chosen to apply the AMIT Regime. Managed investment trusts include most listed trusts and other widely held trusts.

What is the AMIT Regime?

The Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016 (the Act), which established a new tax system for certain managed investment trusts (MITs), received Royal Assent on 5 May 2016. The rules apply from 1 July 2016.

The AMIT regime provides a specific set of attribution and other rules that are intended to provide greater flexibility in the operation of an AMIT's tax affairs and to reduce administration costs.

Under the AMIT Regime, securityholders are taxed on the taxable net income of a Fund that is "attributed" to them on a "fair and reasonable" basis in accordance with the Fund's constituent documents. Under this approach, it is possible for an amount of taxable net income to be attributed to securityholders that is greater than the amount of cash paid to securityholders.

Does the AMIT regime change the way in which ERF's income is taxed?

The AMIT regime will not change the overall manner in which ERF's income is taxed or change the way in which investors complete their tax return. Consistent with the previous trust taxation regime:

- ERF itself will not be subject to tax;
- an Australian resident ERF securityholder will include their share of ERF's taxable net income in their assessable income for the year to which the taxable net income relates (not the year in which their share is received);
- Australian withholding tax will be deducted from taxable distributions to non-resident ERF securityholders;
- securityholders will include the different components of their share of ERF's taxable net income in the relevant tax return labels; and
- where cash distributed to a securityholder is greater than their share of the taxable net income of ERF, the securityholder is required to reduce their tax cost base for their units in ERF.
- At this stage, Elanor Funds Management Limited (as the Responsible Entity) intends to continue with its current distribution policy and will attribute a Fund's taxable income in the same manner as under the previous trust taxation regime, which is in proportion to the cash distributed to each securityholder.

Does the AMIT Regime change the way in which I fill out my tax return?

No. There is no change in how you will fill out your tax return as a result of ERF becoming an AMIT. You will continue to receive an Annual Taxation Statement (referred to as an attribution MIT member annual (AMMA) statement) which will outline the different components of your total distribution from ERF for the year ended 30 June 2021. However, each securityholder's particular circumstances will be different, and accordingly you should seek independent taxation advice.

Will the AMIT Regime affect ERF's distribution policy?

No. ERF does not intend to change its distribution policy as a consequence of becoming an AMIT.

Why is ERF electing for ERPF I and ERPF II to opt-in to the AMIT Regime?

ERF has elected for the AMIT Regime to apply to the ERPF I and ERPF II with effect from 1 July 2020, i.e. for the financial year ended 30 June 2021 and future years, for the following reasons:

- elimination of a number of areas of uncertainty in the pre-existing tax laws;
- tax status of Fund – The AMIT Regime deems the Fund to be a "fixed trust", thus providing certainty to the Fund regarding eligibility for certain tax concessions, such as testing for the recoupment of any carried forward trust tax losses;
- prescriptive treatment of under- or over-distributions of taxable net income ("overs" or "unders") of a Fund, which may reduce any requirement to amend prior year tax returns previously lodged; and
- prevention of double taxation – The AMIT Regime provides the ability to make upward cost base adjustments to Fund units where cash distributions are less than the taxable net income attributed to securityholders. In the absence of this, securityholders may effectively be subject to double taxation on undistributed income.

When does the AMIT regime start?

Managed investment trusts can choose to be AMITs with effect from the year ended 30 June 2016 or any later year. ERF has elected to become an AMIT with effect from the financial year ended 30 June 2021. For as long as ERF continues to qualify as an AMIT, ERF will be an AMIT for all subsequent years, as the election is irrevocable.

Where can I get more information on the new AMIT regime?

If you have any further tax questions in relation to the AMIT Regime and how the election might affect your investment in ERF, we recommend that you consult your tax adviser or refer to the information from the ATO website at https://www.ato.gov.au/general/trusts/in-detail/managed-investment-trusts/managed-investment-trusts---overview/?anchor=membercomponent#membercomponent