



# AMIT amendments to abrdn Funds

Website disclosure – section 601GCA(3) and (4) of the Corporations Act 2001 (Cth) (as inserted by ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489)

6 January 2023

## Funds

This notice relates to the funds listed in the below table (each a **Fund**, together the **Funds**).

	<b>Fund Name</b>	<b>ARSN</b>
1.	abrdn Sustainable Asian Opportunities Fund	106 201 236
2.	abrdn Sustainable Emerging Opportunities Fund	109 536 503
3.	abrdn Global Risk Mitigation Fund	109 536 414
4.	abrdn International Equity Fund	089 488 139
5.	abrdn Multi-Asset Real Return Fund	088 905 471
6.	abrdn Ex-20 Australian Equities Fund	088 905 426
7.	abrdn Sustainable International Equities Fund	088 905 033
8.	abrdn Multi-Asset Income Fund	088 906 585
9.	abrdn Australian Small Companies Fund	095 866 872

## Proposed modification to constitution

The attribution managed investment trust (**AMIT**) regime was enacted by the Tax Laws Amendment (A New Tax System for Managed Investment Trusts) Act 2016. Qualifying managed investment trusts (**MITs**) can make an irrevocable election to apply these rules. abrdn Australia Ltd ACN 002 123 364 (the **Responsible Entity**) has today announced proposed modifications to the constitutions of each of the Funds (**Modifications**) to enable the Funds to operate under the AMIT regime, and each separate class of units in the Funds (where relevant) (**Classes**) to operate as a separate AMIT (**AMIT Class**) under the AMIT regime.

ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489 permits the Responsible Entity to make the necessary amendments without member approval, subject to the satisfaction of certain conditions. This notice is being given in satisfaction of the conditions.

A copy of the Modifications is available free of charge by contacting 1800 636 888.

## Reasons for Modification

The Responsible Entity has proposed the Modifications to facilitate the Funds, and each separate AMIT Class (where relevant) to operate under the AMIT regime. The AMIT regime was established by the Australian government to provide qualifying MITs with the ability to benefit from improved flexibility and greater certainty in respect of their tax treatment. The AMIT regime provides an alternative to the 'present entitlement basis' of the current taxation rules, which provides that the Fund's taxable income is allocated to unitholders based on their proportionate share of the income of the Fund.

Based on characteristics of the Funds and the operation of the AMIT regime, the Responsible Entity intends to elect the Funds into the AMIT regime, however, it is not known when this election will be made. Although a decision has not yet been made when the Responsible Entity will elect the Funds to be an AMIT, the Responsible Entity presently believes the AMIT regime will produce more equitable and fairer tax outcomes for the Funds' unitholders for the following reasons:

- the AMIT regime provides the ability for MITs to "flow through" taxable income to their unitholders on an "attribution basis", and for that taxable income to retain its character for tax purposes as it flows through each of the Funds;
- the Responsible Entity will operate the MIT noting the following principles:
  - the Responsible Entity must allocate the taxable income of the MIT between unitholders on a 'fair and reasonable basis', consistent with their rights under the MIT's constituent documents and the duties of the trustee; and
  - the Responsible Entity will be taxed on any taxable income of the MIT that the Responsible Entity fails to allocate to the unitholders within three months of the end of the financial year; and
- the AMIT regime will improve the administrative efficiency of the MIT because:
  - the Responsible Entity has the ability to carry forward certain understatements and overstatements of taxable income and deal with them in the year in which they are discovered, which removes the need to re-issue amended investor statements;
  - the deemed fixed trust status of an AMIT provides benefits for members in that members will be treated as having vested and indefeasible interests in the income and capital of the AMIT throughout the income year, which makes it easier to satisfy the tax rules for carrying forward and utilising tax losses and flowing franking credits to members; and
  - the regime allows for upwards cost base adjustments of units where the amount distributed is less than the taxable income attributed, which will simplify the MIT's administration and provide greater flexibility for the Responsible Entity with respect to distributing taxable income.

### **Effect of Modifications**

The proposed Modifications would amend the constitution for each Fund so as to:

- provide the Responsible Entity with the power to:
  - elect that the Fund, or a Class, be treated as an AMIT;

- recover from the Fund any income tax liability incurred while the Fund, or an AMIT Class, is an AMIT; and
- recover from the Fund fees, costs, charges and expenses incurred in giving effect to the AMIT provisions under the constitution; and
- insert other provisions considered by the Responsible Entity as being necessary or incidental to the Fund being able to be operated as an AMIT, including treating different Classes as a separate AMIT.

### **Proposed implementation of Modifications**

The Responsible Entity will implement the Modifications in relation to a Fund unless it receives requests from unitholders of the relevant Fund to call and arrange for a meeting of the unitholders of that Fund to consider and vote on a special resolution to implement the Modifications to the constitution:

- from unitholders with at least 5% of the votes that may be cast on the resolution;  
and
- by the end of 13 January

A meeting will only be held for a Fund, if the above requirements are met for that particular Fund.

If you are a unitholder in a Fund and would like to request to call a meeting of unitholders of that Fund as described above, the request must be made in writing and may be sent to the Responsible Entity at [client.service.aust@abrdn.com](mailto:client.service.aust@abrdn.com)

Unless unitholders in a Fund with at least 5% of the votes that may be cast on the resolution request a unitholders' meeting for that Fund by 13 January the Responsible Entity will make the Modifications to the constitution of that Fund.