

FAQ On Attribution Managed Investment Trust Member Annual (AMMA) Statement

Why am I receiving an AMMA Statement?

As Schroders' Funds have elected to apply the 'Attribution Managed Investment Trust' tax regime (the AMIT Rules), investors will receive an AMMA Statement instead of a Tax Statement for each financial year.

What is an AMMA Statement?

Similar to a Tax Statement, the AMMA Statement contains all of the details investors require to complete their income tax returns.

Will this change the way I fill out my tax return?

No, you will include the components of your share of a Fund's taxable income in the same tax return labels as previously.

Why is the amount of cash distribution different to the taxable components?

Historically, Fund Managers have typically distributed an amount at least equal to the taxable income of the Trust. However, under the AMIT Rules a fund can choose to distribute a level of cash that is different to its taxable income, without adverse tax consequences. From 1 July 2017, we made some changes to the distribution policies to provide greater certainty and predictability of cash distributions and to remove the year end processing block out period so that investors can continue to make transactions in our Funds without disruption.

What is new in the AMMA Statement?

In addition to the normal tax components of a Tax Statement, the AMMA Statement contains details of the tax cost base adjustments under **Part E: Attribution Managed Investment Trust (AMIT) cost base adjustments**. The tax cost base adjustments required to ensure investors pay no more or less tax in respect of units held are included under Part E of the AMMA Statement.

Under the AMIT Rules, the cost base of units increase to the extent that the taxable income attributed exceeds the cash distributions paid. Conversely, the cost base of units decrease to the extent that cash distributions paid exceed the amount of taxable income that is attributed.

We recommend that you consult with your tax advisor if you are unsure about the information contained under Part E.

Need more information on the AMIT Rules?

Please refer to the attached FAQ prepared by Schroders which is also available on our website.

FAQ on Schroders' distribution policy under the AMIT Rules

Will Schroders' distribution policy change under the AMIT Rules?

Historically, Fund Managers have typically distributed an amount at least equal to the taxable income of the fund. However, under the 'Attribution Managed Investment Trust' tax regime (the AMIT Rules) a fund can choose to distribute a level of cash that is different to its taxable income, without adverse tax consequences.

From 1 July 2017, Schroders has made an election to apply the AMIT rules to a range of funds managed by us and have made some changes to the distribution policies for the benefit of investors. These include:

- The ability to provide guidance on future distributions with greater certainty and predictability. This will enable investors to more effectively budget and plan for their income requirements from investments in Schroders' funds.
- Removal of year end processing delays of up to 6 business days. This will allow investors to continue to make transactions in our funds without disruption.

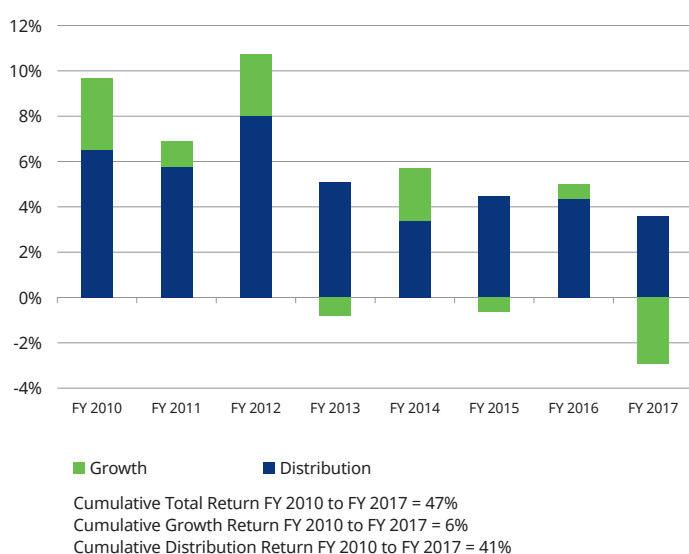
Schroders' distribution policy together with the estimated guidance for our fund range is set out in Appendix A.

Will this change in distribution policy affect a fund's performance?

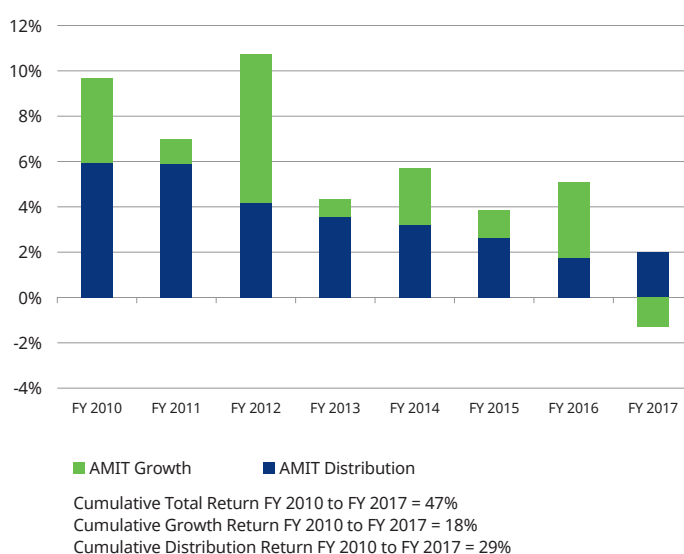
The new distribution policy does not affect the performance of a fund. The total return of a fund is made up of the 'Growth' and 'Distribution' returns. Schroders' new distribution policy will simply mean the 'Distribution' return will be more stable and predictable compared to the past. As an example, we have set out below a chart of the historic Distribution and Growth returns for the Schroder Fixed Income Fund Wholesale Class compared with the Distribution and Growth returns under the new distribution policy for the same periods.

Schroder Fixed Income Fund Wholesale Class

Historical Growth/Distribution return



Historical Growth/Distribution return assuming AMIT regime



Will this change in distribution policy affect the way investors are taxed?

Schroders' new distribution policy will not affect the net tax outcome for investors as the AMIT Rules are designed to be tax neutral. Under the AMIT Rules:

- Investors pay tax on the taxable income that is attributed to them on a 'fair and reasonable' basis by a fund. Non-resident investors will have withholding tax deducted based on the taxable income that is attributed to them.
- The cost base of units increase to the extent that the taxable income attributed exceeds the cash distributions paid. Conversely, the cost base of units decrease to the extent that cash distributions paid exceed the amount of taxable income that is attributed.

The net result is that investors pay no more or less tax in respect of units held.

We illustrate below that the tax outcome for investors in a fund is neutral before and after applying the AMIT Rules. The examples are based on a unit in a fund with a market value of \$2.40 comprising taxable/realised income of \$0.80 and cost base of \$1.60.

Example 1: Before AMIT Rules - where cash distribution is derived from taxable income.

Pre-distribution		Cash decoupled from taxable income	Post distribution	
Market value = taxable income + cost base		Fund pays cash distribution = taxable income	Cost base = \$1.60 (no cost base adjustment)	
No gain or loss on sale as market value = Cost base			No gain or loss on sale as market value = Cost base	
Market value of unit \$2.40	Taxable/realised income \$0.80	Cash distribution \$0.80	No cost base adjustment	No gain or loss on sale
	Cost base \$1.60		Cost base post distribution \$1.60	Market value of unit post distribution \$1.60 (\$2.40 - \$0.80)

Investors pay tax based on the taxable income distributed of \$0.80.

There is no gain or loss on sale of the investment as the market value of the unit post distribution equals the cost base.

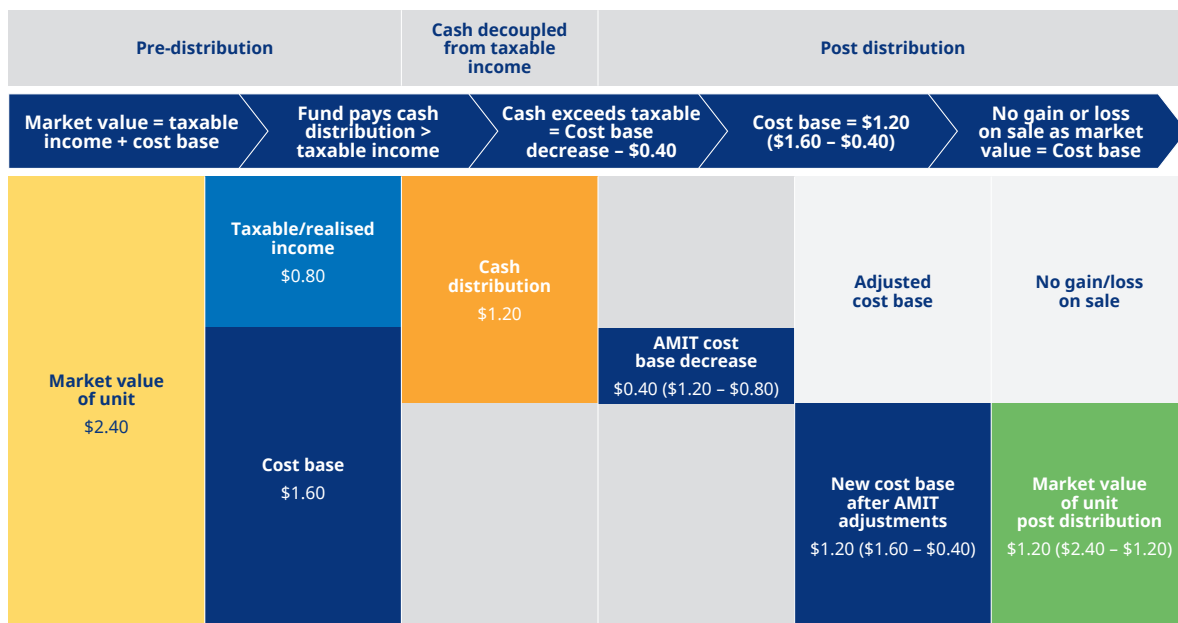
Example 2: AMIT Rules - where cash distribution is less than taxable income.

Pre-distribution		Cash decoupled from taxable income	Post distribution	
Market value = taxable income + cost base		Fund pays cash distribution < taxable income	Taxable exceeds cash = Cost base increase - \$0.40	
No gain or loss on sale as market value = Cost base			Cost base = \$2.00 (\$1.60 + \$0.40)	
Market value of unit \$2.40	Taxable/realised income \$0.80	Cash distribution \$0.40	Adjusted cost base	No gain/loss on sale
	Cost base \$1.60		AMIT cost base increase \$0.40 (\$0.80 - \$0.40)	Market value of unit post distribution \$2.00 (\$2.40 - \$0.40)
			New cost base after AMIT adjustments \$2.00 (\$1.60 + \$0.40)	

Investors pay tax based on the taxable income attributed of \$0.80 though a cash distribution of \$0.40 was made.

A cost base increase of \$0.40 under the AMIT rules mean there is no gain or loss on sale of the investment as the market value of the unit post distribution equals the cost base.

Example 3: AMIT Rules - where cash distribution is greater than taxable income.



Investors pay tax based on the taxable income attributed of \$0.80 though a cash distribution of \$1.20 was made.

A cost base decrease of \$0.40 under the AMIT rules mean there is no gain or loss on sale of the investment as the market value of the unit post distribution equals the cost base.

Will cash distributions always be sufficient to meet tax liabilities?

Cash distributions made under Schroders' distribution policy should generally be sufficient for investors to pay their tax liabilities arising from the taxable income attributed to them. To the extent that there may be a shortfall, Schroders may at its discretion make additional cash distributions to help investors satisfy their tax obligations. Having regard to our distribution policy, Schroders expects that this will only arise where a fund attributes a significant capital gain to investors in respect of units held.

Are there any benefits for investors in the 'pension phase'?

Subject to meeting minimum pension payment rules, when a superannuation account enters pension phase, the earnings on assets financing the pension are exempt from tax. Schroders funds are ideally suited for investors in the pension phase for the following reasons:

- Cash distributions are stable and predictable, this makes it easy to manage minimum drawdown requirements.
- Being tax exempt, the amount of taxable income attributed can be disregarded.
- Cost base adjustments don't matter as gains on pension assets are not subject to tax.

Will investors still receive tax statements?

Investors will receive an Attribution Managed Investment Trust Member Annual (AMMA) statement instead of an annual tax statement. The AMMA statement will contain all of the details investors require to complete their income tax returns.

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Schroders' distribution policy under the AMIT Regime

What is AMIT Regime?

The 'Attribution Managed Investment Trust' tax regime (the AMIT Regime) was established by the Australian Government to allow qualifying managed investment trusts (such as most investment funds) additional flexibility around payment of trust income. Historically, fund managers have typically distributed an amount of cash at least equal to the taxable income of the fund. However, under the AMIT Regime, a fund can choose to distribute a level of cash that is different to its taxable income. Under the new regime, fund managers can provide greater certainty and predictability of cash distributions to the end investor.

Schroders' distribution policy under the AMIT Regime and revised rates

From 1 July 2017, Schroder Investment Management Australia Limited, as responsible entity of each of the funds listed below, has made an (irrevocable) election to apply the AMIT Regime. The table below sets out the distribution policy for each fund under the AMIT Regime and the distribution rate guidance for cash distributions paid with effect from **1 July 2024**.

These rates are reviewed semi-annually and are subject to change without notice.

Fund Range	Class	Distribution Frequency	Distribution Policy	Distribution Rate Guidance*
Australian Equities				
Schroder Australian Equity Fund	Professional Class	Half-yearly	Trailing dividend yield of the fund less management fees.	3.21%
Schroder Wholesale Australian Equity Fund	Professional Class	Half-yearly	Trailing dividend yield of the fund less management fees.	3.21%
Schroder Wholesale Australian Equity Fund	Wholesale Class	Half-yearly	Trailing dividend yield of the fund less management fees.	3.03%
Schroder Equity Opportunities Fund	Professional Class	Half-yearly	Trailing dividend yield of the fund less management fees.	2.74%
Schroder Equity Opportunities Fund	Wholesale Class	Half-yearly	Trailing dividend yield of the fund less management fees.	2.56%
Global Equities				
Schroder Sustainable Global Core Fund	Wholesale Class	Half-yearly	Forward dividend yield of the fund less management fees.	1.20%
Schroder Global Value Fund	Wholesale Class	Half-yearly	Forward dividend yield of the fund less management fees.	1.45%
Schroder Global Value Fund (Hedged)	Wholesale Class	Half-yearly	Forward dividend yield of the fund less management fees.	1.45%
Schroder Global Sustainable Equity Fund	Wholesale Class	Half-yearly	Forward dividend yield of the fund less management fees.	1.05%
Schroder Global Emerging Markets Fund	Wholesale Class	Half-yearly	Trailing dividend yield of the fund less management fees.	1.70%
Fixed Income				
Schroder Absolute Return Income Fund	Professional Class	Monthly	Fund's target return less management fees	5.00%
Schroder Absolute Return Income Fund	Wholesale Class	Monthly	Fund's target return less management fees	5.00%
Schroder Absolute Return Income (Managed Fund) (PAYS)	Wholesale Class	Monthly	Fund's target return less management fees	5.00%
Schroder Fixed Income Fund	Professional Class	Quarterly	Yield to maturity less management fees	4.70%
Schroder Fixed Income Fund	Wholesale Class	Quarterly	Yield to maturity less management fees	4.50%
Schroder Australian High Yielding Credit Fund	Professional Class	Monthly	Yield to maturity less management fees	6.00%
Schroder Australian High Yielding Credit Fund	Wholesale Class	Monthly	Yield to maturity less management fees	5.90%

Fund Range	Class	Distribution Frequency	Distribution Policy	Distribution Rate Guidance*
Multi-asset				
Schroder Multi-Asset Income Fund	Wholesale Class	Monthly	Fund's target return less management fees	4.75%
Schroder Real Return Fund	Professional Class	Half-yearly	Cash** plus 3% less management fees	4.50%
Schroder Real Return Fund	Wholesale Class	Half-yearly	Cash plus 3% less management fees	4.50%
Schroder Real Return (Managed Fund) (GROW)	Wholesale Class	Half-yearly	Cash plus 3% less management fees	4.50%
Schroder Sustainable Growth Fund	Professional Class	Half-yearly	Cash plus 3% less management fees	4.50%
Schroder Sustainable Growth Fund	Wholesale Class	Half-yearly	Cash plus 3% less management fees	4.50%

*The expected distribution rate is subject to change from time to time in line with underlying assumptions. In addition, funds must satisfy annual eligibility conditions to qualify for AMIT status. Where a fund does not qualify as an AMIT for any year, the distribution rates in the above table may not be applied. Schroder Investment Management Australia Limited as responsible entity of the fund may determine the amount of each distribution based on the fund's taxable income and other relevant factors.

** Cash refers to the official cash rate target determined by the Reserve Bank of Australia at the relevant time

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