



Modification to constitutions

The Responsible Entity, Colonial First State Investments Limited (CFSIL) of the Commonwealth Investment Funds (CIFs) has modified the constitutions of each of the following registered schemes (each a Fund and collectively the Funds) to enable each of the Funds to operate as an Attribution Managed Investment Trust (AMIT) from 1 July 2017:

- Commonwealth Income Fund
- Commonwealth Balanced Fund
- Commonwealth Share Income Fund
- Commonwealth Bond Fund
- Commonwealth Growth Fund
- Commonwealth Property Securities Fund
- Commonwealth Australian Share Fund
- Commonwealth International Share Fund

What is the AMIT regime?

AMIT is a new tax regime that CFSIL has chosen to opt into on behalf of its investors from 1 July 2017.

What is an AMIT?

Managed Investment Trusts (MIT) that elect into the new regime are referred to as Attribution Managed Investment Trusts (AMITs). Opt-in to the regime can be made in relation to any income year ending on or after 30 June 2016. Colonial First State Investments Ltd (CFSIL) has chosen to opt-in to the regime effective 1 July 2017 for the 2018 income year.

Why is CFSIL electing for CIFs to opt-in to the AMIT regime?

CFSIL believes that opting into AMIT will produce a fairer and more equitable tax outcome for each Fund's unitholders. It offers CFSIL a greater degree of certainty with existing tax treatments and will also allow the Funds to continue the current practice of making distributions based on best estimates of net income, thereby ensuring that income distributions and tax statements are issued to unitholders in a timely manner. This avoids unnecessary delays in their income tax return preparations.

What will change as a result of moving to the AMIT regime?

We do not anticipate any immediate changes to our distribution policy or to the way we operate our Funds as a result of moving to the AMIT regime. However in the best interest of unitholders, we will continue to review the way our Funds operate under AMIT.



What does it mean for me?

CFSIL does not anticipate any immediate changes to the way we operate our Funds. They will continue to be treated as flow through collective investment vehicles and not subject to tax. Generally unitholders will be subject to tax on any taxable income and entitled to tax offsets for any foreign tax credits and franking credits that is attributed to them on a fair and reasonable basis.

CFSIL believes that opting into AMIT will produce a more fair and equitable outcome for each Fund's unitholders in the following ways:

- An attribution model for determining unitholder taxable income, which allows amounts to retain their tax character as they flow through a MIT to its unitholder.
- Double taxation that might otherwise arise will be reduced because unitholders will be able to make annual upward and downward adjustments to the cost bases of their interests in the trust.
- The taxation treatment of tax deferred and tax free distributions made by the trust is clarified.
- Formal recognition of the current practice of schemes making under or over distributions based on estimated receipts of net income, providing certainty for schemes and investors.
- It provides for appropriate cost base adjustments, eliminates the current tax penalty that arises where investors are taxed on more income than they are distributed.

How is the Responsible Entity (i.e. CFSIL) allowed to do this?

Notification of the proposed modifications was available on our website from 24 – 30 October 2016, in line with ASIC guidance, and no unitholder objections were received for any of the applicable Funds.

When will the changes be made?

The changes will be made effective 1 July 2017.

Commonwealth Financial Services



Colonial First State Investments Limited ABN 98 002 348 352 AFSL 232468
Commonwealth Financial Services is a registered business name of CFSIL

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