

Reference Guide

CT Pyrford Global Absolute Return Fund

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Issued by Perpetual Trust Services Limited ABN 48 000 142 049, AFS Licence No 236648 as responsible entity of the CT Pyrford Global Absolute Return Fund

Contact details

If you have any questions or would like more information about the Fund, please contact Perpetual:

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The information in this document forms part of the Product Disclosure Statement ('PDS') for the CT Pyrford Global Absolute Return Fund ('Fund') dated 30 June 2022. You should read this Reference Guide together with the PDS before making a decision to invest in the Fund. You can request a copy of these documents free of charge by contacting Perpetual on (02) 9229 9000.

The information provided in this Reference Guide is general information only and does not take account of your personal financial situation or needs. You should consult a licensed financial adviser to obtain financial advice that is tailored to your personal circumstances. Information in this Reference Guide is up-to-date as of the date of this Reference Guide but may change from time to time.

We consent to the use of this Reference Guide by operators of IDPS, master funds, wraps or similar platform products (referred to as 'IDPS') who include the Fund on their investment menus.



Part of



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1. About Perpetual

No additional information.

2. How the CT Pyrford Global Absolute Return Fund works

Your interests

We may accept or decline all or part of an application without giving any reason. Application money is deposited into a non-interest-bearing account pending its processing.

The Fund's assets and liabilities are usually valued each business day. Generally, for unit pricing purposes, listed securities are valued using the last available market close price quoted on the relevant exchange. Other assets are generally valued at recoverable value. Any income entitlements, cash at bank, and any amount of Goods and Services Tax ('GST') recoverable by the Fund from the Australian Taxation Office are also included in asset values used to calculate the application and withdrawal unit price.

Generally, for unit pricing purposes, liabilities are valued at cost. Liabilities also include an accrual for management costs and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets.

We have a policy for unit pricing discretions. The types of discretion we may exercise and when we can exercise the discretion are set out in our Unit Pricing Policy. The Unit Pricing Policy is available by contacting Perpetual at no charge.

Confirmation of investments or withdrawals won't be provided for the regular investment or withdrawal plans.

You may invest indirectly in the Fund as an investor through an IDPS operator who acquires units in the Fund on your behalf. An indirect investor does not hold units in the Fund and does not acquire any rights relating to the Fund. The IDPS operator acquires these rights and can exercise, or decline to exercise, rights on your behalf according to the arrangements governing the IDPS. The offer document for your IDPS should have further details. The IDPS operator will provide you with all reporting for the Fund. The net performance of your

investment in the Fund may be different from the information we publish, due to cash flows specific to your portfolio and any fees charged by the IDPS operator.

Staggering or freezing of withdrawals

Where the Fund is liquid, the responsible entity is required to process withdrawal requests.

Where the withdrawal request from an investor represents more than 5% of the number of units on issue (**Single Large Withdrawal**), or where the withdrawal requests from investors over 5 successive business days represent more than 10% of the number of units on issue (**Multiple Large Withdrawals**), the responsible entity may treat the original request(s) as separate withdrawal requests to be processed, in the case of a Single Large Withdrawal, over the next 5 successive business days commencing on the business day when the original request was received, or in the case of Multiple Large Withdrawals, every 5 business days commencing on the business day that the more than 10% threshold was reached.

Where we determine it is desirable for the protection of the Fund or for the interests of the investors, we may suspend the issue or withdrawal of units or the calculation of application or withdrawal prices.

These circumstances are:

- closure or restriction of trading of a financial, stock, bond, note, derivative or foreign exchange markets.
- an emergency or other state of affairs so that it is not reasonably practicable for Perpetual to acquire or dispose of units or determine unit prices; and
- a declaration of a moratorium in a country where the Fund has a significant portion of its investments.

Where withdrawals are frozen, applications will also be suspended. For withdrawal or application requests lodged during a freeze period, the withdrawal and application prices will be those next calculated after the end of the suspension.

Under the Corporations Act, a Fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of the Fund. Liquid assets generally include money in an account or on deposit with a bank, bank-accepted bills, marketable securities and property of the kind prescribed under the Corporations Act. As at the date of this Reference Guide, the Fund is liquid

Anti-money laundering requirements

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ('AML Act') and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the responsible entity ('AML Requirements'), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing.

The AML Act is enforced by the Australian Transaction Reports and Analysis Centre ('AUSTRAC'). To comply with the AML Requirements, the responsible entity is required to, amongst other things:

- 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 documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

The responsible entity and any agent acting on our behalf reserve the right to request such information as is necessary to verify the identity of an investor and the source of the payment.

If there is a delay or failure by the investor to produce this information, the responsible entity may refuse to accept an application and the application monies relating to the application or may suspend payment of withdrawal proceeds if necessary to comply with AML Requirements. The responsible entity or its agents are not liable to the investor for any loss suffered by the investor as a result of the rejection or delay of any application or payment of withdrawal proceeds.

The responsible entity has implemented a number of 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 responsible entity has reasonable grounds to believe 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 responsible entity or our 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 their compliance with the AML Requirements as they apply to the Fund; and
- the responsible entity or our agents acting on our behalf may from time to time require additional information from you to assist it in this process.

The responsible entity has certain reporting obligations under the AML Requirements and is prevented from informing you that this reporting has taken place. Where required by law, the responsible entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The responsible entity or its agents are not liable for any loss you may suffer as a result of the responsible entity's compliance with the AML Requirements.

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 Perpetual's 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 (APP), 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 our website 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.

Warning Statement for New Zealand investors

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.

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.

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

3. Benefits of investing in the CT Pyrford Global Absolute Return Fund

Rights of investors

The Fund was established by a Constitution dated 7 April 2014, as amended from time to time.

The Constitution, together with the Corporations Act, sets out the legal rights, duties and obligations of Perpetual as responsible entity and the investors and includes the following provisions:

- the rights, interests and liabilities of investors.
- the duties and obligations of Perpetual.
- investment, valuation and borrowing powers.
- fees and recoverable expenses.
- unit application and withdrawal procedures.
- convening and conduct of investor meetings.
- the duration and termination of the Fund.
- the right to Fund distributions; and
- the right to a limitation of liability of unit holders to the issue price of units (however, this limitation has not been tested before superior courts).

If investing through an IDPS, you do not become an investor in the Fund, the IDPS operator does so on your behalf. Refer to Section 2, Your interests, for further information.

The Constitution allows for more than one class of units to be offered to investors. Currently there is only one class of investors.

We may vary the Constitution of the Fund if the variation does not adversely affect investors' rights, or otherwise the variation must be approved by 75% of votes cast by investors in the Fund.

This document contains only a summary of some of these provisions and should be seen as a guide. The Constitution is lodged with ASIC. A copy of the Constitution is available by contacting Perpetual at no charge

The Fund is a disclosing entity under the Corporations Act and is therefore subject to regular reporting and disclosure obligations. Copies of documents lodged with the ASIC for the Fund may be obtained from, or inspected at, an ASIC office.

As the Fund is a disclosing entity under the Corporations Act, you have a right to obtain a copy of the following documents at no charge to you:

- the annual financial report most recently lodged with ASIC by the Fund.
- any half-year financial report lodged with ASIC by the Fund after the lodgement of that annual financial report and before the date of the PDS and this Reference Guide; and
- any continuous disclosure notices given by the Fund after the lodgement of that annual report and before the date of the PDS and this Reference Guide.

If the Fund is a disclosing entity, we will disclose information to you which may have a material effect on the price or value of units or would be likely to influence persons who commonly invest in deciding whether to acquire or dispose of units. You have a right to obtain a copy of these documents at no charge. Please call Perpetual on (02) 9229 9000 and we will provide you with a copy of the requested document within 5 days.

In an effort to protect the confidentiality of its positions and information related thereto, the Fund generally will not disclose information to investors on an ongoing basis except as described in section 3 of this Reference Guide. However, subject to applicable law, Perpetual and/or the investment manager may permit disclosure on a select basis to certain investors under particular circumstances, including:

- to enable investors to comply with their legal or regulatory requirements.
- if the investment manager determines that there are sufficient confidentiality agreements and procedures in place; and/or
- other criteria have been met.

Rights of Perpetual

Perpetual:

- may change the terms and conditions set out in the PDS or this Reference Guide.
- may rely on the advice of agents, investment managers, advisers, brokers or other contractors and will not be liable for their acts or omissions, provided it exercises care in their selection.
- is not liable for loss to investors, except to the extent the loss is caused their failure to properly perform their duties as responsible entity.
- may be fully indemnified from the Fund for any liability incurred by it in properly performing its duties for the Fund; and
- is not liable to investors to any greater extent than the assets held in the Fund, subject to the Corporations Act.

Retirement of Perpetual

Perpetual may retire as responsible entity and may appoint a new responsible entity in accordance with the Corporations Act and the requirements of the investment management agreement entered into between Perpetual and Pyrford.

4. Risks of managed investment schemes

No additional information.

5. How we invest your money

Types of investments

The Fund may obtain exposure to the asset classes referred to in section 5 of the PDS, "How we invest your money", by investing in exchange traded fund ('ETFs').

Investment guidelines

The following investment guidelines apply to the Fund:

- 20% or less of the Fund's value invested in equities is invested in emerging market countries.
- each equity investment is 5% or less of the total Fund value; and
- the Fund's holding consists of at least 40 securities.

These guidelines are part of the current risk management framework and are reviewed periodically for appropriateness. At times these guidelines may be breached due to market volatility. As such, the guidelines may change from time to time.

Labour standards and environmental, social and ethical considerations

Perpetual itself does not take into account labour standards and environmental, social and ethical considerations for the purposes of selecting, retaining or realising investments. Perpetual has delegated investment decisions for the Fund to Pyrford pursuant to the investment management agreement.

Pyrford employs a process focused on quality, value, and the long-term sustainability of earnings and dividends. Pyrford believe sustainable earnings can only be achieved through responsible environmental and social practices and that shareholders only fully benefit from these at well-governed companies.

To enhance and formalise the consideration of environment, social and governance (ESG) factors, Pyrford has established an ESG Forum comprising representatives of all teams in the firm. This meets quarterly to encourage and promote best practice within Pyrford to incorporate ESG into every aspect of the role, to promote and discuss wider ESG industry issues and assess how they can impact the companies the Fund is invested in. The Fund will not knowingly invest in any companies which predominantly produce tobacco or tobacco related products.

Pyrford became a signatory to the UN Principles for Responsible Investment in 2014. Written declaration can be found at www.columbiathreadneedle.com/en/pyrford-international. In 2017 Pyrford was awarded Tier 1 status under the UK Stewardship code.

Online access to proxy voting activity and annual publication of Pyrford's ESG report describing all activity, including examples of company engagements on ESG issues can be viewed at [https://docs.columbiathreadneedle.com/documents/Pyrford Environmental Social and Governance Report.pdf](https://docs.columbiathreadneedle.com/documents/Pyrford%20Environmental%20Social%20and%20Governance%20Report.pdf)

6. Fees and costs

Additional explanation of fees and costs

Management fees and costs

Management costs consist of Perpetual's management fee for managing the Fund, indirect costs and estimated expense recoveries. The management costs are capped at 0.80% of the NAV of the Fund. Management costs do not include transaction costs (i.e. costs associated with investing the underlying assets), some of which may be recovered through buy/sell spreads.

Management fee

The management fee is the fee we charge for overseeing the operations of the Fund and managing the assets of the Fund. Any fees charged by an investment manager will be paid by us out of our management fee and will not be an extra cost to you or the Fund. The management fee is calculated and accrued daily and paid monthly in arrears out of the Fund's assets.

Expense recoveries

Normal operating expenses

We are entitled to be reimbursed for expenses we incur in the proper performance of our duties and in connection with the day-to-day operation of the Fund out of the assets of the Fund. Normal operating expenses include audit fees, banking charges and the preparation of accounts. As at the date of the PDS and this Reference Guide, all normal operating expenses in respect of the Fund are paid out of the management fee and not from the assets of the Fund. Where the management fee is less than the management costs, the investment manager will meet the management costs out of its own resources and will not seek to recover these costs from the Fund. If you are investing via an IDPS, fees and expenses applicable to the IDPS (as set out in the IDPS offer document or client agreement) are payable in addition to the fees and expenses in the PDS.

Abnormal or extraordinary expenses

In addition to any normal operating expenses, we are also entitled to be reimbursed from the Fund for abnormal expenses, such as the cost of unit holder meetings, defending legal proceedings, special valuation of assets and the costs of terminating the Fund. These abnormal expenses are not generally incurred during the day-to-day operation of the Fund and are not necessarily incurred in any year. If they arise, Perpetual may deduct these expenses from the Fund and will be an additional expense to the management fee.

The estimated expense recoveries component set out in the fees and costs summary in the PDS include abnormal or extraordinary expenses of 0.00% p.a. of the NAV of the Fund, which is the amount actually incurred by the Fund previous financial year, including Perpetual's reasonable estimate of such costs where information was not available as at the date of the PDS and this Reference Guide or where Perpetual was unable to determine the exact amount.

Abnormal and extraordinary expenses may vary from year to year including to the extent that they rely on estimates. This amount is not an indication or guarantee of the amount that may be charged in the future.

Indirect costs

Indirect costs are any amounts (other than the management fee, expense recoveries and transaction costs) that we know, or reasonably ought to know, or where this is not the case, may reasonably estimate has reduced or will reduce, whether directly or indirectly, the return of the Fund or the amount or value of the income of, or property attributable to the Fund (including certain costs of investing in over-the-counter ('OTC') derivatives) or the income of or property attributable to an interposed vehicle (such as an underlying fund in which the Fund invests) in which the Fund invests. As at the date of this Reference Guide, the Fund does not currently invest in OTC derivatives to gain investment exposure to certain assets and does not expect to do so in the upcoming financial years. Nor does the Fund incur indirect costs from gaining investment exposure through underlying funds.

The indirect costs component set out in the fees and costs summary above is calculated on the basis of the actual amount incurred for the previous financial year and Perpetual's reasonable estimate of such costs where information was not available as at the date of this Reference Guide or where Perpetual was unable to determine the exact amount.

Maximum fees

The Fund's Constitution allows us to charge the maximum fees set out in the Constitution. Until further notice we will only charge the lower management fee stated in the PDS and this Reference Guide, rather than the higher management fee set out in the Constitution and will not charge the entry fee and exit fee as summarised in the table below. Fees are shown inclusive of GST less reduced input tax credits.

For further information about tax, refer to Section 7, How managed investment schemes are taxed.

Maximum fees in constitution	Actual fee charged
Management fee - 3% p.a. of gross Fund value	0.80% p.a. of NAV of the Fund
Entry fee - 5% of the application price	Nil
Exit fee - 5% of the proceeds of redemption	Nil

Expense recoveries are unlimited under the Fund's Constitution. All estimates of fees in this section 6 are based on information available as at the date of this PDS.

Wholesale investors

We may negotiate management fees individually with certain wholesale investors (as defined by the Corporations Act). All other fees and costs remain the same. Accordingly, we may at our discretion, waive or rebate some of our fees to these wholesale investors so that they pay reduced fees. This is generally because they invest large amounts of money in the Fund. For further information, wholesale clients can contact us via the details specified on page 1 of this Reference Guide.

We may enter into a variety of arrangements with service providers like IDPS operators that may involve us making payments to, and providing services to, these operators in return for the promotion of the Fund. These payments may be one-off or on-going and are paid by us out of our fees and are not an additional cost to investors.

Financial adviser remuneration

Your financial adviser will assist with understanding and managing your investment requirements. You may have to pay a fee to your financial adviser and these costs are in addition to the costs referred to in the PDS and this Reference Guide. You may negotiate with your financial adviser for them to receive an ongoing adviser fee.

7. How managed investment schemes are taxed

Australian taxation

The taxation information in this Reference Guide is of a general nature and is current as at the date of this Reference Guide. This information provides a general overview of the tax implications for Australian tax resident investors that hold their units on capital account. The application of these laws depends on the individual circumstances of the investor.

The following comments should not be regarded as tax advice and it is recommended that investors should obtain independent professional tax advice about their specific circumstances. This section applies to Australian resident investors only.

The Fund

The Fund has elected into the Attribution Managed Investment Trust (AMIT) regime. On the basis that investors are attributed all of the taxable income of the Fund for a financial year, the Fund itself should not be liable for tax.

Managed investment trust

The Fund qualifies as an eligible Managed Investment Trust (MIT). The Fund has made an irrevocable election to apply the capital gains tax (CGT) provisions as the primary regime for taxation of gains and losses from the sale of certain qualifying investments (which include shares). Currency forward contracts are not included in the list of qualifying investments. Investors that are individuals or superannuation funds should then be entitled to the CGT tax concessions on distributions of capital gains from the Fund.

Distributions

Where an investor is attributed a share of the Fund's taxable income for an income year, the investor will be liable to tax on this attributed amount. The investor will be taxable on this amount irrespective of whether it is paid to them.

Investors will be assessed on their proportionate share of the Fund's tax net income in the financial year in respect of which their entitlement to the distributable income arises even though it may not have been received in that financial year.

Franking credits

Where the Fund receives franked dividends, the taxable net income of the Fund includes franked dividends and related franking credits. A credit for these amounts may be available in calculating unit holders' tax liabilities, depending on their specific circumstances and subject to various integrity rules, including the 45-day holding period rule.

Excess franking credits may be refundable to certain resident individuals and complying superannuation entities and in certain cases may generate tax losses for corporate entities.

Foreign income tax offsets

Australian resident investors may be entitled to claim foreign income tax offsets (FITOs) in respect of foreign tax paid on the foreign income received by the Fund. The ability to utilise the FITOs will be dependent upon each unit holders specific tax circumstances.

Disposal or withdrawal of units

Investors must include any realised capital gain or loss on disposal or withdrawal of their units (together with any capital gain attributed by the Fund) in the calculation of their net capital gain or loss for an income year.

The Fund may determine that some part of the withdrawal price of a unit represents a distribution of income for tax purposes for the financial year. Where the withdrawal price includes a distribution of income, any capital gain made is reduced by the taxable income amount included in the investor's assessable income.

A net capital gain will be included in an investor's assessable income. A net capital loss may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

In calculating the taxable amount of a capital gain, a discount of one-half for individuals and trusts or one-third for superannuation entities may be allowed where the units have been held for 12 months or more.

Tax File Number

In the Application form investors are asked to provide their tax file number (TFN) or Australian Business Number (ABN). Investors may quote their TFN or ABN (if applicable) in relation to their investment in the Fund. It is not an offence to fail to quote a TFN or ABN, but if investors do not provide their TFN, ABN or exemption, tax must be withheld from distributions at the highest marginal rate plus Medicare Levy.

GST

Generally, GST is payable by the Fund on fees and any reimbursement of expenses. The Fund may be entitled to claim Input Tax Credits and Reduced Input Tax Credits (RITCs) of currently between 55% of the GST paid in respect of certain fees and expenses, and 75% of the GST paid in respect of others.

Reforms to the taxation of trusts are generally ongoing. Investors should seek their own advice and monitor the progress of announcements and proposed legislative changes on the potential impact.

New Zealand taxation

The following summary relates only to New Zealand tax, applies to prospective investors who are New Zealand tax resident, and who hold their units in the Fund on capital account. The statements are based on the law in effect at the date of the PDS for the Fund. This summary is of a general nature and should not be relied upon by prospective investors as taxation advice. The statements below are not intended to deal with all relevant considerations or possible circumstances, and the individual circumstances of each New Zealand investor may affect the taxation outcomes. Prospective New Zealand investors should seek their own taxation advice in relation to their own taxation position prior to investing in the Fund.

This summary does not consider the New Zealand tax consequences for particular types of investors including those:

- (a) who hold their units for the purpose of resale, or as part of a profit-making undertaking or scheme, or as part of a business, or as trading stock.
- (b) who may be subject to specialist tax regimes – such as portfolio investment entities, life insurance companies, tax exempt organisations, superannuation funds, temporary New Zealand residents.
- (c) who are a tax resident otherwise than solely in New Zealand.
- (d) who are (i) employees of Perpetual or Pyrford (or its affiliated companies), or (ii) associates of employees of Perpetual or Pyrford (or its affiliated companies), or (iii) employees of an associate of Perpetual or Pyrford (or its affiliated companies).

This summary also assumes that the Fund will not be a controlled foreign company for New Zealand taxation purposes i.e. that (i) no single New Zealand investor will hold a control interest in the Fund of 40% or more, and (ii) a group of 5 or fewer New Zealand investors will not hold control interests of 50% or more in the Fund, and (iii) a group of 5 or fewer New Zealand investors will not be able to control the exercise of decision-making rights in the Fund. Based on that assumption, the controlled foreign company regime has not been considered further.

Income tax implications for units in the Fund

As the Fund is a unit trust, it will be treated as a company for New Zealand tax purposes. New Zealand investors will be taxed on their units under one of two regimes:

- (a) the Foreign Investment Fund (FIF) regime.
- (b) the ordinary tax regime.

(a) The FIF regime

If a New Zealand investor holds offshore equities (including units in an Australian unit trust), the total cost of which is more than NZ\$50,000, the New Zealand investor will be taxed under the FIF regime.

The FIF regime does not apply to New Zealand investors who are natural persons or certain kinds of trusts where the investor's total FIF interests have a total cost of less than NZ\$50,000, unless the New Zealand investors in that category specifically elect for the FIF rules to apply.

New Zealand investors who are taxed under the FIF regime should be liable for New Zealand income tax on attributed income calculated under a method set out in the FIF rules. If the FIF rules are applicable, New Zealand investors should seek specific advice about the calculation method that is best suited in their circumstances.

In general terms, the fair dividend rate (FDR) method is the primary method applicable to income interests of less than 10%. Under the FDR method, a New Zealand investor will be deemed to derive income equal to 5% of the market value of the units it holds at the beginning of the income year. Any profits from selling or redeeming units in the Fund (other than units bought and sold in the same year) and any dividends, distributions or redemption proceeds received are ignored under the FDR method.

If units in the Fund are bought and later sold in the same income year, then the New Zealand investor may have additional taxable income equal to either:

- The actual gain from the units both bought and sold during the income year (including any distributions paid on them) (actual gain method). For this purpose, the last unit acquired is deemed to be the first sold; or
- 5% of the difference between the greatest number of units the New Zealand investor held at any time during the income year and the number of units the New Zealand investor held at the beginning or end of the year (whichever produces the smaller difference), multiplied by the average cost of all units acquired during the income year (peak holding method).

The investor must apply the method which produces the lesser amount of additional income when applied consistently to all of their FIF investments bought and sold in the same income year.

A slightly different version of this method is used by investors that are managed funds.

If a New Zealand investor is a natural person or a family trust and its actual realised and unrealised return from its total portfolio of offshore equity investments is lower than the amount calculated under the FDR method described above, then the New Zealand investor can elect to be taxed on its actual realised and unrealised returns, including dividends under the comparative value (CV) method. This method must be applied across all the investor's FIF interests.

A New Zealand investor under the FIF regime will also need to make certain elections in respect of how amounts are converted to New Zealand dollars.

The FIF regime described above is subject to various exceptions. New Zealand investors should seek specific tax advice if they believe the FIF regime may apply to them.

(b) The ordinary tax regime

A New Zealand investor will be taxed under the ordinary tax regime if an exemption to the FIF regime applies or the investor is a New Zealand resident natural person and does not hold offshore equities (including units in a unit fund but excluding, amongst other things, shares in certain Australian resident companies listed on the ASX) the total cost of which is more than NZ\$50,000 (unless the investor elects otherwise).

Under the ordinary tax regime, any distributions from the Fund will be taxable as dividend income of the New Zealand investor and taxed at the investor's personal tax rate. Redemption of units in the Fund will give rise to dividend income for the investor equal to the difference between the redemption proceeds and the average issue price of all the units multiplied by the number of the investor's units which are redeemed.

A New Zealand investor should not be taxed on any profits from the disposal of the units in the Fund, unless the investor acquired the units for the purpose of disposal, as part of a profit making scheme or undertaking, or as part of a business in respect of which the sale of such investments is an ordinary incident.

Amounts taxed as dividends will not be taxed again as gains from sale.

Foreign currency gains and losses

The issue of the units in Australian dollars, and any gains or losses attributable to the difference between New Zealand and Australian dollars, should not lead to New Zealand tax consequences for New Zealand investors (assuming they are not in the business of investment).

Goods and services tax and stamp duty

New Zealand goods and services tax should not be applicable to distributions from the Fund, disposals of the units, nor to New Zealand investors' initial subscription for the units. In addition, there is no stamp duty regime in New Zealand.

Tax credits

Where Australian withholding tax has been deducted from a distribution received by a New Zealand investor, a New Zealand tax credit may be available. There are limitations on the availability of tax credits under New Zealand tax law. A New Zealand investor should seek New Zealand tax advice to determine whether tax credits are available based on their individual circumstances.

US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report details of all US persons and suspected US persons in the Fund to the US tax authorities, to prevent a 30% FATCA withholding tax on certain income and proceeds of the Fund. The responsible entity may therefore request that investors and prospective investors provide certain information in order to comply with the requirements.

Common Reporting Standard

The Australian government has implemented the OECD Common Reporting Standards Automatic Exchange of Financial Account Information (CRS) from 1 July 2017. CRS, like the FATCA regime, will require banks and other financial institutions to collect and report to the ATO.

CRS will require certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is expected to be a 'Financial Institution' under the CRS and intends to comply with its CRS obligations by obtaining and reporting information on relevant accounts (which may include your units in the Fund) to the ATO. For the Fund to comply with their obligations, we will request that you provide certain information and certifications to us. We will determine whether the Fund is required to report your details to the ATO based on our assessment of the relevant information received. The ATO

may provide this information to other jurisdictions that have signed the "CRS Competent Authority Agreement", the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the CRS.

8. How to apply

No additional information

9. Definitions

application price: the price at which units are issued which is based on the Fund net value at the time of application divided by the number of units on issue and adjusted to include the transaction cost.

assets: an investment made by the Fund.

business day: any day except Saturday, Sunday or a public or bank holiday in Sydney.

Constitution: the deed under which the Fund was established.

Corporations Act: the Corporations Act 2001 (Cth).

custodian: State Street Australia Limited ABN 21 002 965 200.

dollars or a reference to currency means Australian dollars.

FATCA: the US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act 2010.

Fund: CT Pyrford Global Absolute Return Fund.

Fund value: the total value of assets held by the Fund.

GST: the tax payable under A New Tax System (Goods and Services Tax) Act 1999 (Cth).

investor: a unit holder in the Fund.

investment manager: Pyrford International Ltd.

NAV or net asset value: the Fund value less the liabilities of the Fund.

Perpetual: Perpetual Trust Services Limited.

Product disclosure statement or PDS: means the Product Disclosure Statement for the CT Pyrford Global Absolute Return Fund which includes the information in this document.

Pyrford: Pyrford International Ltd., a part of Columbia Threadneedle Investments, the global asset management business of Ameriprise Financial, Inc.

responsible entity: Perpetual Trust Services Limited.

transaction cost: an amount paid into the Fund to cover the costs of buying or selling assets of the Fund. This includes any tax or duty or valuation required for Fund property to effect an acquisition or sale.

unit: a fully paid ordinary unit in the Fund.

unit holder: a person noted on the unit register as the holder of a unit, including persons jointly registered.

withdrawal price: the price at which units are sold which is based on the Fund net value at the time of withdrawal divided by the number of units on issue and decreased by the amount of the transaction cost.