

# REALM

INVESTMENT HOUSE

## ADDITIONAL INFORMATION BOOKLET



# REALM SHORT TERM INCOME FUND

## PURPOSE OF THIS DOCUMENT

One Managed Investment Funds Limited ABN 47 117 400 987 (**we, us, our** and **Responsible Entity**) is the responsible entity of the Realm Short Term Income Fund ARSN 622 892 844 (**Fund**). We have issued a product disclosure statement (**PDS**) in respect of Ordinary Units and mFunds Units in the Fund dated 24 July 2023 pursuant to Subdivision 4.2C of Division 4 of Part 7.9 of the Corporations Regulations 2001. The information in this document forms part of the PDS dated 24 July 2023 in respect of Ordinary Units and mFunds Units for the Fund.

The information provided in the PDS and this Additional Information Booklet is general in nature and does not take into account your personal financial situation or needs. You should read the PDS and this Additional Information Booklet together and seek independent financial advice tailored to your own needs before making a decision about whether to invest in the Fund.

Capitalised terms in this document have the same meaning given to those terms in the glossary found in Section 9.5 of the PDS.

## DISCLAIMER

Neither we, nor the Investment Manager, nor any of either of those parties' related bodies corporate guarantee the performance of the Fund or the return of capital or income.

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## 1. HOW THE REALM SHORT TERM INCOME FUND WORKS

### 1.1 HOW TO INVEST

If you wish to invest in Ordinary Units, you can download a copy of the Application Form at our website – [www.oneinvestment.com.au/realmsTIF](http://www.oneinvestment.com.au/realmsTIF) or contact your broker to invest in mFund Units.

### 1.2 INVESTING THROUGH AN IDPS

Investors investing in the Fund indirectly via an investor directed portfolio service (**IDPS**) do not themselves become investors in the Fund, and accordingly have no rights as a Unit holder other than you may access our complaints handling process where your complaint relates exclusively to the investment in the Fund relative to you. The offer document for your IDPS should have further details. If you are an indirect investor, generally the IDPS operator acquires the rights of a Unit holder. Unit holder rights include the right to attend Unit holder meetings, to make withdrawal requests, receive and reinvest distributions and participate in termination proceeds.

Your rights and liabilities will be governed by the terms and conditions of the relevant IDPS, which you should read carefully prior to directing the relevant operator to invest in the Fund. Indirect investors complete application forms for the IDPS, not the Fund, and receive reports from their operator, not from us. Enquiries should be directed to that operator.

Minimum investment and withdrawal requirements may not always be relevant to indirect investors because the IDPS operator may invest on behalf of a number of indirect investors. Indirect investors will also incur fees and expenses applicable to the IDPS, as well as the Fund's fees and expenses. The tax information in this Additional Information Booklet does not specifically cater for indirect investors.

### 1.3 UNIT PRICES

Units will be issued at the Unit price calculated on each Business Day. Until Units are issued, the application money is held in a separate account pending the application being processed and your application money being invested in the Fund. Interest will not be paid on your application money.

The Unit price is calculated by dividing the net asset value of the Fund (which is properly referable to the class of Units for which the Unit price is being calculated) by the number of Units on issue in that class, and adjusting for any buy-sell spread if relevant. The Unit price is calculated as at each Business Day. We will aim to post the Unit price usually within 2 Business Days of the respective pricing date on the Investment Manager's website [www.realminvestments.com.au](http://www.realminvestments.com.au).

Your adviser or broker can also provide the latest Unit prices. Remember that quoted Unit prices, including those available from ASX or through mFund, will be historical and not necessarily the price you will receive when applying or withdrawing.

### 1.4 WITHDRAWALS FROM THE FUND

Section 2.4 of the PDS provides details on withdrawals from the Fund including that whenever the Fund is "liquid", you can make withdrawal requests for all or part of your investment in the Fund in accordance with the Constitution. The Fund is "liquid" if we reasonably believe 80% or more of the Fund's assets could be realised within the period specified in the Fund's constitution for satisfying withdrawal requests while the scheme is liquid.

If the Fund is considered "illiquid", then you will only be able to withdraw your investment from the Fund by accepting a periodic withdrawal offer made by us to all investors.

The withdrawal price payable for each Unit if the Fund is illiquid is the price published by us in the relevant withdrawal offer. If the Fund is illiquid, then we are not obliged to make withdrawal offers. We offer no guarantee as to the size of any withdrawal offer or whether or not a withdrawal offer will be made at all. If a withdrawal offer was made, but there were not sufficient assets to satisfy all investors' withdrawal requests, then requests would be satisfied proportionately among those investors wanting to withdraw.

The Investment Manager expects the Fund to remain liquid, however, the Fund's "liquidity status" may change over time, based on its assets. You should check [www.oneinvestment.com.au/realmsTIF](http://www.oneinvestment.com.au/realmsTIF) for up to date information.

You should also keep in mind the following matters with regard to withdrawals generally:

- (a) If the Fund is liquid, then the Unit price will be determined on the relevant Business Day (depending on when your valid withdrawal request in respect of Ordinary Units is received by the Fund's administrator or in respect of mFund Units, when your mFund instruction is placed by your broker) and will be adjusted for any buy/sell spread applying at the time (if any).
- (b) If satisfying your withdrawal request would result in you holding less than the minimum holding, then we may redeem your entire holding. The minimum holding can be adjusted (up or down) by us at any time. We will update investors if the minimum holding changes. If we elect to increase the minimum to a level of holding which results in you holding less than the minimum holding, then we may (after giving you 30 days' notice) redeem your Units without receiving a withdrawal request from you.
- (c) If the Fund is illiquid and there is no withdrawal offer currently open, then you have no right to withdraw from the Fund.
- (d) In satisfying a withdrawal request we may transfer cash or Fund assets of equivalent value (or a combination of both). If we elect to transfer assets, then we may deduct the reasonable costs of any transfer.
- (e) We are not required to pay any withdrawal proceeds out of our own funds.
- (f) When the Fund is illiquid the withdrawal price is calculated by us in accordance with the terms of any current withdrawal offer.
- (g) We reserve the right to deduct from the withdrawal proceeds any bank charges and other similar bank fees incurred as a result of payment of your withdrawal proceeds. We may also deduct from your withdrawal proceeds any money due to us or any amount of tax we estimate to be payable by you or on your behalf.

## 1.5 DISTRIBUTIONS

### (a) Your entitlement to income

A Unit entitles you to participate in any profits or income arising out of the purchase, management, disposal or general investment of the assets of the Fund. The yield, if any, on investments is calculated by reference to the Unit price.

Your income entitlement for each Distribution Period will be determined as soon as practicable after each month end. Where an income entitlement is to be distributed in cash, the distribution will generally be made within 14 Business Days of the end of each calendar month, other than the 30 June month end, which will generally be paid within two months.

### (b) Calculating your income entitlement

Your entitlement to distributable income for a Distribution Period, except the Distribution Period ending on 30 June, is calculated by:

- (i) estimating the income of the Fund for the financial year (which is referable to your class of Units) and then deducting all expenses of the Fund (which is referable to your class of Units);
- (ii) dividing the distributable income for that period by the number of Units on issue (in your class of Units) on the last day of the period to determine the distributable income per Unit for your class of Units; and
- (iii) multiplying the distributable income per Unit for your class of Units by the number of Units held by you and rounding down the product to the nearest whole cent.

Your entitlement to distributable income for the Distribution Period ending on 30 June will include the amount by which the distributable income (if any) for the financial year exceeds the aggregate of distributions to Unit holders (in the same class) previously made during the financial year.

In the event the amount distributed to you during a financial year exceeds the actual income of the Fund for that financial year, the excess amount paid to you will be classified as a capital distribution. Payments will only be made to an Australian financial institution and no cheques will be issued.

## 1.6 YOUR DETAILS

It's important to keep your details with us up to date – please contact the Fund's administrator to correct them when required. You must in a timely way and in such way as we require give us all information that we reasonably request or which you suspect we should know to perform our functions for example, your contact details and regarding your identity or the source or use of invested moneys.

## 1.7 YOUR RIGHTS AND OTHER IMPORTANT ISSUES

Our legal relationship with investors is governed by the Fund's Constitution together with the PDS and certain laws. Some provisions are discussed elsewhere in the PDS and others include:

- (a) the nature of units of the Fund – all Units of each class are identical;
- (b) our powers, and how and when we can exercise them;
- (c) when the Fund terminates – we can terminate the Fund at any time and eligible investors share the net proceeds on a pro-rata basis;
- (d) when we can retire and what happens if we do – usually another responsible entity will be appointed; and
- (e) changing the Fund's Constitution – we usually need investors' approval for any changes which are adverse to investors' rights.

## 2. BENEFITS OF INVESTING IN THE REALM SHORT TERM INCOME FUND

### 2.1 EXPERIENCE

The Investment Manager will seek to use its experience in funds management to benefit all investors in the Fund.

Realm is an asset management firm that has been established by an experienced team of professionals with tested investment beliefs, processes and extensive networks. Realm is passionate and committed to understanding markets and using the information to deliver a quality outcome for clients.

The Investment Manager believes that the general inaccessibility of bond markets, coupled with a lack of transparency for investors at a retail level, highlights the need for an insightful, professional and experienced manager in this asset class. The Investment Manager offers its investors, through the Fund, the ability to gain access to its team providing portfolio construction, asset selection and ongoing portfolio management.

Please refer to the Investment Manager's website ([www.realminvestments.com.au](http://www.realminvestments.com.au)) to view information about the team members of the Investment Manager.

### 2.2 THE INVESTMENT MANAGER'S APPROACH

The Investment Manager has a research focused approach which seeks to deliver an outcome which presents real value in risk adjusted terms. The Investment Manager maintains a core in-house competence in the following areas:

- (i) top down macro analysis; and
- (ii) fixed income and credit analysis and investment.

The Investment Manager's approach for the Fund embraces the philosophy that best practice management combines a complete thorough top down assessment of key macro and regulatory drivers supported by a rigorous bottom up process which provides a ground level market view of issuers and their markets.

## 2.3 THE INVESTMENT COMMITTEE AND RISK COMMITTEE

The investment process of the Fund will be overseen by the investment and risk committees, which comprise members of the investment management team and independent contributors. The current composition of these committees can be viewed at the Investment Manager's website ([www.realminvestments.com.au](http://www.realminvestments.com.au)).

### The Investment Committee

The investment committee convenes regularly and is charged with maintaining a view on the global economic environment.

### The Risk Committee

The role of the risk committee is to provide oversight and review of the Investment Manager's risk management process. This will include macro positioning, stress testing and reviewing of the Investment Manager's risk management policy.

## 3. RISKS OF MANAGED INVESTMENT SCHEMES

We refer you to Section 4 of the PDS which contains a summary of the significant risks of investing in a managed investment scheme generally and some of the specific risks of investing in the Fund. We encourage you to read Section 4 of the PDS in conjunction with this Section.

We have set out below more information on some of the specific risks referred to in the PDS and included some additional risks that are relevant to the Fund.

### 3.1 INVESTMENT RISK GENERALLY

When deciding whether to invest in the Fund, you must decide whether, given the nature of the investments the Fund may make, your financial situation permits you to participate in an investment that involves a low degree of risk. Put simply, it is possible you may lose a substantial portion or even all of the money you invest.

### 3.2 LEGAL RISK

Governments or regulators may pass laws, create policy, or implement regulation that affects the Fund, its underlying investments or the Investment Manager's ability to execute its investment strategies. These initiatives may impact either a specific transaction type or market, and may be either country specific or global. Such changes may result in the Fund failing to achieve its investment objectives. Similarly, laws affecting registered managed investment schemes (including taxation and corporate and regulatory laws) may change in the future, affecting investors' rights and investment returns.

### 3.3 JURISDICTIONAL RISK

The Fund can trade in assets located in overseas jurisdictions. This means the assets of the Fund are influenced by movements in exchange rates and interest rates, international political events and the potential for overseas regulations to be less robust than in Australia.

### 3.4 CURRENCY RISK

If the Fund buys assets in overseas jurisdictions, then movements in the exchange rate of the Australian dollar relative to other currencies can have a positive or negative impact on the value of the Fund's investments when converted to Australian dollars. The Fund will hedge its currency risk which means movements in the exchange rates should not amplify the performance (both positive and negative) of the Fund.

### 3.5 STRUCTURAL RISK

Investing in a managed fund is not like investing directly in the underlying assets of the Fund. Investing in a managed fund may result in different income and capital gains outcomes when compared with investing directly. ASX may halt, suspend or revoke any admission of the Responsible Entity or the Fund to mFund.

Although unlikely, ASX or broker systems could fail or there could be errors, anomalies or irregularities.

### 3.6 INVESTMENT STRATEGY RISK

Neither us nor the Investment Manager can guarantee the investment objective of the Fund will be achieved. The Investment Manager may change the Fund's investment strategy over time, to seek to ensure the investment objective is met or where it is of the view that the change is in the best interests of investors.

However, any changes may not necessarily produce better investment performance.

### 3.7 CHANGE IN FUND OPERATION

We may change some aspects of the Fund over time, such as:

- (i) the fees and expenses we charge; or
- (ii) the rules that govern the Fund (e.g. notice periods or withdrawal processes).

While we will give investors notice of any changes, such changes (for example, an increase in fees charged by us) may adversely affect the performance of the Fund.

## 4. HOW WE INVEST YOUR MONEY

### 4.1 INVESTMENT PHILOSOPHY

The Investment Manager's top down assessment seeks to take a view around the likely trajectory of economic activity, inflation and interest rates. This assessment also monitors macro factors that point towards broader economic stress or market euphoria. In essence the top down process seeks to understand the prevailing market environment and furthermore seeks to plot where the Fund is and what the likely array of outcomes are. As such, this assessment has a large bearing on factors relating to duration and sector exposures, it also drives a fundamental view around relative value.

The critical factor is making this top down view contextual. For that to be achieved this view has to be reconciled against how the domestic credit market is practically operating. This process of framing the top down screens is the central factor in our bottom up approach.

Members of the Investment Manager's team maintain relationships with industry bodies, regulators and issuers which provides them with the strong anecdotal information which is critical in assessing how over-arching principles or themes are affecting the domestic environment.

The Investment Manager will only seek to invest in markets where the Investment Manager believes that it has a high environmental awareness. As such, the Fund will only invest in sectors and environments where the Investment Manager considers it has an informational advantage. Practically what this awareness translates to is an understanding around legalities, how liquidity flows and clarity around the underlying collateral. This information drives an increased understanding around behaviours, which the Investment Manager believes is critical in understanding the value and price of an investment.

In assessing the Fund it is also critical to understand how the Investment Manager views the marketplace and the broader financial system. The Investment Manager views the banking and financial system as a single organism. Understanding the funding gap is fundamentally important in managing a fixed income strategy in Australia. Australian corporate credit is a boutique opportunity, investing correctly in it requires market intelligence expertise and entrenched relationships.

## 4.2 WHAT CAN THE FUND INVEST IN?

The Fund's focus is on domestic investment grade asset-backed, bank-issued and corporate bonds. While this represents the Fund's primary focus, the Investment Manager may also make investments on behalf of the Fund in government securities, high yield securities, inflation-linked securities, hybrid securities, revolving credit facilities, bank term deposits, international agency, supranational debt and may use derivatives to hedge the capital value of the Fund. We do not borrow to invest.

Set out below is a brief explanation of the types of investments in which the Fund usually invests:

- (a) **At Call and Term Deposits with an ADI** – A deposit held at a financial institution that has a fixed term.
- These are generally short-term with maturities ranging anywhere from a day to a few years. When a term deposit is purchased, the lender (the customer) understands that the money can only be withdrawn after the term has ended or by giving a predetermined number of days' notice. An ADI is an Authorised Deposit-taking Institution which is a corporation which is authorised under the Banking Act 1959 to take deposits.
- (b) **Bank Accepted Bills** – These are Bills of Exchange, as defined by the Bills of Exchange Act 1909. They are typically issued by Prime Banks. A Prime Bank is one in which its Bank Accepted Bills can be delivered against the Sydney Futures Exchange Bank Bill futures contract. An example of a Prime Bank is ANZ, NAB, Westpac Banking Corporation or Commonwealth Bank of Australia. The Bank (as acceptor of the Bill) accepts the responsibility for payment of the specified amount to the ultimate holder of the Bank Bill.
- (c) **Commercial and Asset Backed Commercial Paper** – Like term deposits, commercial and asset back commercial paper are short-term investments with a maturity that is typically between 90 and 180 days. The security itself is typically issued by a bank, corporate, trust or other financial institution.
- (d) **Government Securities** – Typically fixed coupon bonds issued by any authority, being national, state, local or other, comprising of the legislators, administrators, and arbitrators in the administrative bureaucracy who control a State at a given time. The government must have the ability to tax its constituents and/or raise revenue through its legislative authority. Any subsidiary or statutory authority created by a government is also included in this category.
- (e) **Corporate debt, notes and securities** – A debt security or obligation often called a bond issued by a corporation in exchange for cash. The backing for the instrument is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral.
- (f) **Inflation linked securities** – Debt financing securities that offer their holders protection against fluctuations in the rate of inflation as measured by the consumer price index (CPI). The yields of these securities adjust monthly with respect to the current rate of inflation.
- (g) **Asset-Backed Securities** – A medium term note, commonly known as an MTN. The note is backed by a loan, lease or receivables against assets.
- (h) **Hybrid securities** – A security that combines two or more different financial instruments. Hybrid securities generally combine both debt and equity characteristics. The most common example is a convertible bond that has features of an ordinary bond, but is heavily influenced by the price movements of the stock into which it is convertible.
- (i) **International agency, supranational debt** – Debt instruments issued by international government or quasi-government organisation. Examples include the United Nations and the International Monetary Fund.
- (j) **Derivatives** – The Investment Manager may use derivatives to hedge the capital value of the Fund. Derivatives are an instrument security whose price is dependent upon or derived from one or more underlying assets. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Futures contracts, forward contracts, options and swaps are the most common types of derivatives. Derivatives are used as an instrument to hedge risk, and can also be used to gain market exposure purposes.
- The Investment Manager uses derivatives including swaps and futures as a risk management tool and also to achieve the investment objectives of the Fund.
- The most commonly used derivatives are government bond futures to manage interest rate risk and currency swaps to manage foreign exchange risk. The Investment Manager may also use swaps to manage credit risk including by creating the economic effect of covered short sales. Derivatives can also be used to gain exposure to a particular market as an alternative to purchasing physical assets. The Investment Manager only does this when the use of derivatives offers a more cost effective way of gaining exposure to the market than purchasing the physical asset.
- Derivatives are not utilised to create overall portfolio exposures whose general characteristics could not be obtained from an unlevered investment in allowable physical bonds.

## 5. ADDITIONAL EXPLANATION OF FEES AND COSTS

### 5.1 GENERAL

This Section contains further explanation of the fees and costs of the Fund. You should read this Section in conjunction with Section 6 of the PDS.

### 5.2 MANAGEMENT COSTS AND INDIRECT COSTS

Management costs represent the total investment and administration related costs of operating a Fund. It includes the management fees, an estimate of performance fees (if any), custody fees and may also include the normal expenses in relation to a Fund (such as fund accounting, unit registry, audit costs, postage and preparation of tax returns, etc.) which the Responsible Entity is entitled to recover.

#### 5.2.1 FEES PAYABLE TO THE INVESTMENT MANAGER

The investment management fee of 0.3075% pa for the Ordinary Units and 0.3634% pa for the mFund Units is charged by the Investment Manager to provide investment management services to the Fund. The fee will accrue as frequently as Unit pricing occurs and is payable monthly in arrears out of the assets of the Fund. For example, if the gross asset value of the Fund referable to the Ordinary Units is constant at \$10 million for a year, then the Investment Manager will be entitled to a fee of \$30,750 for that year.

#### 5.2.2 FEES PAYABLE TO THE RESPONSIBLE ENTITY

In accordance with the Fund's constitution, we are entitled to receive the following fees from the Investment Manager:

**RE Fee:** An on-going responsible entity fee (**RE Fee**) equivalent to the greater of:

- \$4,284.14 per month excluding GST (with annual CPI increases) (as at the date of this PDS); or
- Up to 0.5% per annum excluding GST of the gross value of the Fund's assets.
- While the Investment Management Agreement is in place the maximum RE Fee is 0.05% per annum excluding GST of the gross value of the Fund's assets. Subject to the minimum per month.

The fee receivable from the Investment Manager may be less than the total amounts listed above in accordance with the agreements with the Investment Manager based upon the total gross assets of the other funds for which we are the responsible entity and Realm is the investment manager contemplated at the date of the PDS and such other additional funds as the parties agree. The fee accrues daily and is payable monthly in arrears.

**Establishment Fee:** Under the Constitution, we have the right to charge \$5,000 (excluding GST) for each class of Units on issue after the establishment of Ordinary Units and mFund Units.

### 5.2.3 OPERATING COSTS AND EXPENSES

We are entitled to be reimbursed out of the assets of the Fund for all Fund-related expenses. It is intended that the fees payable to the responsible entity, fees payable in respect of custody

and administration services referable to the mFund Units and Ordinary Units (**Ordinary Fees**) be paid from the investment management fee payable to the Investment Manager in respect of the mFunds Units and Ordinary Units. To the extent the investment management fee is insufficient to cover these Ordinary Fees, then the Investment Manager will cover any excess Ordinary Fees out of its own funds.

It is anticipated that all other day-to-day fees and expenses of the Fund, being the fees payable in respect of and registry services, costs of preparation of annual tax statements, registry fees and fees for the audit of Fund's financial reports and compliance plan (**Ordinary Expenses**) referable to assets related to the mFund Units and Ordinary Units will amount to no more than 0.095% per annum of the gross asset value of the Fund referable to the mFund Units and Ordinary Units. To the extent the Ordinary Expenses exceed 0.095% per annum of the gross asset value of the Fund referable to the mFund Units and Ordinary Units, then the Investment Manager will cover any excess Ordinary Expenses out of its own funds.

However, if the Investment Manager does not pay any Ordinary Fees or Ordinary Expenses, then under the Constitution we are entitled to, and we will, collect them from the assets of the Fund.

Abnormal Operating Expenses are costs which are not generally incurred in the day-to-day running of the Fund (**Abnormal Operating Expenses**). The Fund's Constitution allows for the recovery of these expenses if incurred by the Responsible Entity in connection with the performance of its duties and obligations in operating the Fund and does not set a maximum limit on the amount that can be recovered. Abnormal Operating Expenses are not borne by the Investment Manager, but are met from the assets of the Fund.

Abnormal Operating Expenses include events such as the costs of a meeting of Unit holders or legal costs incurred in legal proceedings.

Abnormal Operating Expenses are deducted from the Fund and so are accounted for in the Unit price of the Fund and are not an explicit cost paid by you. Abnormal Operating Expenses are deducted as and when they arise.

As at the date of the PDS, the Responsible Entity estimates Abnormal Operating Expenses for the Fund for the period to 30 June 2024 will be nil, however this may change if, for example, a members' meeting is called.

#### 5.2.4 INDIRECT COSTS

Management costs also comprise an estimate of indirect costs.

In general indirect costs are any amounts that directly or indirectly reduce the returns on the Units that is paid from, or the amount or value of, the income or assets of the Fund (including an underlying investment of the Fund). The indirect cost figure is intended to give you some measure of the cost of entities used or interposed to give you investment exposure through the Fund. It seeks to show you what additional cost you are paying for not investing directly yourself. Indirect costs are reflected in the Unit price of your investment in the Fund.

Figures are based on the indirect costs (where known) incurred (or where not known) reasonably estimated for a 12 month period, as a percentage of the average gross asset value of the Fund during that period.

As at the date of the PDS, the Responsible Entity has made estimates of the indirect costs for the Fund for the period to 30 June 2024 will be 0.05%, however these may change.

Figures are based on matters known to us and or the Investment Manager and/or as we or they may reasonably estimate. Not all indirect costs are known to us or the Investment Manager and if not, they cannot always be reasonably be estimated. Information may not be available, reporting may not be meaningful, significant or reliable if for example it comes from a jurisdiction where reporting standards differ from those in Australia, or there may be incomplete historical figures so that a reasonable estimate is not possible.

Management costs do not include transactional and operational costs and these are further explained below.

### 5.3 TRANSACTIONAL AND OPERATIONAL COSTS

The Fund incurs transactional and operational costs when dealing with the Fund's investments.

Transactional and operational costs may include buy/sell spread, brokerage, investment settlement fees, custody transaction fees and applicable stamp duty charged when underlying assets are bought or sold. These costs are generally incurred as a result of investment decisions made by the Investment Manager or application or redemptions from the Fund.

Transactional and operational costs will differ depending on the type and jurisdiction of the traded assets and will be paid out of the Fund's assets. We reasonably estimate the Fund's transactional and operational costs will be approximately 0.01% of the net asset value of the Fund (adjusted to reflect a 12 month period). This cost is made up of two components, explicit transaction costs (for example, brokerage, settlement costs, stamp duty and other taxes) and implicit transaction costs (that is, the amount by which the acquisition price of an asset exceeds the disposal price of that asset).

Transactional costs which are incurred other than in connection with applications and redemptions arise through the day to day trading of the Fund's assets and are reflected in the Fund's Unit price.

The transaction costs disclosed in this Section are based on reasonable estimates at the date of this Additional Information Booklet and for any updates which are not materially adverse from time to time you should visit [www.oneinvestment.com.au/realmSTIF](http://www.oneinvestment.com.au/realmSTIF).

### 5.4 BUY/SELL SPREAD

As at the date of this Additional Information Booklet, neither a buy spread (including reinvested distributions) nor a sell spread apply to the Fund. If a buy/sell spread applies, we will provide notification of the current buy/sell spread on the Fund's website at [www.realminvestments.com.au/](http://www.realminvestments.com.au/).

If we decide to charge buy/sell spread, the Constitution provides that the buy/sell spread must reflect our estimate of the transaction costs expected to be incurred in buying and selling underlying financial products as a result of investments in, and withdrawals from, the Fund. The purpose of the buy/sell spread is to ensure those investors transacting in Units at a particular time bear the costs of buying and selling the Fund's assets as a consequence of their transaction. The buy/sell spread applicable at the time an investor enters or leaves the Fund are a cost in addition to the fees and costs noted in the PDS and is reflected in the Unit price. The buy and sell spreads are retained within

the Fund, as assets of the Fund and are not fees paid to the Responsible Entity or the Investment Manager. The buy/sell spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts.

### 5.5 WAIVER OR DEFERRAL OF FEES

We may, in our discretion, accept lower fees and expenses than we are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid.

The maximum establishment fee we are entitled to is \$30,000 (excluding GST) and \$5,000 (excluding GST) in respect of each class of units other than Ordinary Units.

The maximum management fee payable to us as responsible entity of the Fund under the Constitution is 0.5% per annum (excluding GST) of the gross assets of the Fund.

However, we waive our right to collect all or a portion of these fees in accordance with the conditions set out in this Section 5.

### 5.6 GOODS AND SERVICES TAX (GST)

Unless otherwise stated, all fees and costs in this section and in Section 6 of the PDS which are payable out of the assets of the Fund are quoted inclusive of any GST net of any input tax credits (ITCs) or reduced input tax credits (RITCs) that are expected to be available to the Fund.

These amounts have not been accounted for as it is not possible to know them as at the date of the PDS. Where RITCs are available, the prescribed rate is currently 55% or 75%, depending on the nature of the fee or cost incurred. In the event that legislative amendments to the current GST regime have the effect of reducing the ability of the Fund to claim ITCs on some of these management fees and costs, the net cost to investors will increase. Again, we will give you at least 30 days' written notice of any change to the fees payable.

### 5.7 WHOLESALE INVESTORS

We may negotiate with 'wholesale clients' (as defined in the Corporations Act), on an individual basis, in relation to our fees or any rebates on our fees in circumstances permitted by the Corporations Act or applicable relief granted by ASIC.

In the event rebates are offered, they will be paid by us and therefore will not affect the fees paid by, or any distributions to, other investors.

### 5.8 GOVERNMENT AND OTHER CHARGES

Government fees, taxes and duties, as well as charges made by your financial institution (including dishonour fees), may also apply to investments and withdrawals, and these are payable from your investment.

### 5.9 TAX

The Fund does not usually pay tax. You will usually pay tax in relation to your investment. See the Tax section of the PDS for details.

## 5.10 ABOUT EXAMPLES

Remember fees and costs will vary, estimates may prove to be incorrect and non estimated figures are based on the past.

The past can be an unreliable predictor of the future. The fees examples assume no other investments or any withdrawals or distributions were made through the year and the investment balance remained unchanged. Transactional and operational costs are not included in the examples.

## 6. TAXATION

We recommend that investors obtain their own specific income tax advice with respect to their investment in the Fund. The following are simply general comments regarding the Australian income tax rules and may or may not apply to you. Generally speaking, you will pay income tax and/or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident or non-resident for tax purposes. It is important that you seek professional advice before you invest or deal with your investment. We will send you the information you need each year to help you to complete your tax return.

We will distribute income and capital gains, if any, as soon as possible after 30 June each year. Distributions could comprise:

- income (such as dividends and interest);
- net taxable capital gains (from the sale of the Fund's investments);
- tax deferred income (if any); and
- tax credits (such as franking credits attached to dividend income and credits for tax paid on foreign income).

Additionally, Australian residents are generally subject to capital gains tax on gains made when they transfer or otherwise dispose of their Units.

Depending on the kind of taxpayer you are, and how long you have held your Units, you may be entitled to a capital gains concession which can under present law for Australian resident taxpayers holding their units on capital account, reduce the taxable capital gain by up to one half.

You do not have to disclose your tax file number (**TFN**) or any Australian Business Number (**ABN**) you may have, but most investors do. If you choose not to provide us with TFN or ABN and do not have an exemption, we must deduct tax at the highest marginal individual tax rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

Tax outcomes can be different for investors who are not residents of Australia for tax purposes. For example, we may need to deduct withholding tax from amounts we pay.

You are strongly advised to seek your own professional tax advice in respect of your investment in the Fund, including any transfers or withdrawal from the Fund.

## ATTRIBUTION MANAGED INVESTMENT FUND REGIME

A new regime for taxing certain eligible MITs (known as AMITs) is available where the Responsible Entity makes an irrevocable choice for it to apply.

The AMIT regime includes the following measures:

- an attribution method for allocating taxable income to investors, which is independent of the amount of income distributed to them;
- clarification that income distributed to investors retains the tax character it had in the hands of the Fund;
- an ability for under-estimations and over-estimations of amounts at the trust level to be carried forward and dealt with in the year in which they are discovered;
- both upwards and downwards adjustments to investors' cost base for CGT purposes and cost for revenue purposes in specified circumstances;
- clarification of the treatment of tax deferred distributions; and
- deemed fixed trust treatment.

As at the date of this Additional Information Booklet, the Responsible Entity has made an irrevocable election no election for the AMIT regime to apply in accordance with the Income Tax Assessment Act 1997 (Cth) for the current income year.

Investors should seek their own tax advice on the potential impact of the Responsible Entity choosing for the AMIT regime to apply to the Fund.