

Annual Tax Statement Guide

for the year ended 30 June 2015

The information contained in this guide is current as at 30 June 2015. It should be regarded as general information only rather than taxation advice and it has been prepared without taking account of any person's objectives, financial situation or needs. If you require further information relating to your personal tax position, we recommend that you seek professional taxation advice. No warranty is given as to the accuracy or completeness of any information contained in this guide.

This guide relates to funds managed by Arena Investment Management Limited (Arena)
ACN 077 235 879 AFSL No. 233190.



About this guide

This guide is produced to enable you to confidently transfer Arena Annual Tax Statement information to your 2014-2015 Australian Income Tax Return.

Who does this guide apply to?

This guide applies to Australian resident individual taxpayers who hold (or held) units in an Arena managed fund during the year ended 30 June 2015, as a capital investment. The guide assumes you have not acquired your units in the course of carrying on a business of investing for profit or trading in securities, in which case a different tax treatment applies. Non-resident investors should seek their own specific tax advice in respect of their investment.

Completing Tax Pack 2015 and your tax return

Your annual statement comprises four parts:

Summary of 2015 tax return (supplementary section) items

Summarises the disclosures required to be made on your 2015 tax return, referenced accordingly.

Foreign Income Tax Offset information

Contains the information you may require to work out your entitlement to a foreign income tax offset.

Capital gains tax information

Contains the information you may require to work out your net capital gain or loss.

Components of distribution

Details the tax components of the distributions you have received, and reconciles the net cash amounts that have been distributed or reinvested.

What do I need to do to complete my tax return?

In addition to your Annual Taxation Statement for the year ended 30 June 2015, you will need:

1. A copy of the Individual tax return instructions 2015.
2. A copy of the Individual tax return instructions supplement 2015.

You can obtain these documents from the Australian Taxation Office (ATO): Phone: 1300 720 092. Web: www.ato.gov.au

Alternatively, you can seek professional advice in completing your return.

Please note

- If you received a distribution, by way of cash or reinvestment, you are required to include the relevant details in your 2015 tax return (supplementary section), as referenced in this guide.
- If you have more than one Arena investment and/or investor number, you will receive a separate tax statement for each separate investment and investor number.
- If you have sold or redeemed any of your units during the year ended 30 June 2015, you may have made a capital gain or loss. We recommend you obtain a copy of the booklets 'Personal investors guide to capital gains tax 2015' and/or 'Guide to capital gains tax 2015' from the ATO to assist you in calculating your gain or loss.
- Please note that the information contained in your annual tax statement does not include any capital gains or losses that you may have realised relating to a disposal of your units during the year ended 30 June 2015.

Summary of 2015 tax return (supplementary section) items

Non-Primary Production Income (Tax return label 13U)

This amount represents the Australian income distributed to you (exclusive of foreign income and net capital gains), and includes franked dividends and your share of the attached franking credit. Although you did not receive the franking credits in cash, you must include them as part of your assessable income. You may be entitled to a tax rebate for this amount.

Other deductions relating to distributions (Tax return label 13Y)

This amount represents deductible expenses incurred by you outside of the net distribution you have received. In addition to the amount disclosed on your tax statement, there may be other deductions you have incurred, such as interest and borrowing costs on loans used to finance your investment.

Franking credits (Tax return label 13Q)

This amount represents franking credits received in relation to fully franked dividends. As the tax has already been paid on these franked dividends at the company tax rate, a tax rebate may be claimed. The amount of franking credits available will depend on whether or not you have held your units in the fund 'at risk' for more than 45 days. The franking credits are included in your assessable income. Please refer to the TaxPack 2015 Supplement should you require further information.

Tax File Number (TFN) withholding credit (Tax return label 13R)

This amount represents TFN withholding tax that has been deducted from your distributions if you did not provide a TFN, Australian Business Number (ABN) or claim an exemption in respect of your investment. The TFN withholding tax will be offset against the tax payable on your income or refunded to you.

Credit for tax paid by trustee (Tax return label 13S)

This amount represents tax deducted from your distribution, if you were a non-resident. The tax credit will be offset against the tax payable on your income or refunded to you.

Total current year capital gains (Tax return label 18H)

Net capital gain (Tax return label 18A)

Total capital gains amounts are Australian and foreign capital gains derived from the sale of investments. Net capital gain represents net capital gains distributed to you. The components of the total current year capital gains are explained in this guide in the Components of distribution section, overleaf. If you have disposed of or redeemed any of your units during the year ended 30 June 2015 you will need to separately calculate any capital gains or losses that you may have realised.

Assessable foreign source income (Tax return label 20E)

Other net foreign source income (Tax return label 20M)

The assessable foreign source income amount represents total assessable foreign income received and includes foreign tax credits but excluding foreign capital gains and foreign tax credits attached to those gains.

Foreign Income Tax Offset (if applicable) (Tax return label 20O)

This amount represents foreign tax withheld from foreign income received.

Foreign income tax offset

You will need to calculate the foreign tax offsets you can claim. If there is an amount labelled Foreign Income Tax Offsets on your Individual Tax Statement, please refer to the "Guide to the foreign income tax offset rules 2014-15" on the ATO website to work out your entitlement.

Capital gains tax information

These items provide the break-up of total current year capital gains in the Summary of 2015 tax return (supplementary section) items explained above. This break up is necessary for unit holders who have capital losses to offset.

Components of distribution

Australian income

Dividends, interest and other Australian income

These items are collectively nonprimary production income. They represent income derived from Australian dividends (franked and unfranked), interest, rental and other income including net trading gains.

Capital gains

Discounted capital gain

The discounted capital gains represent the capital gains distributed to which a 50% discount has been applied for taxation purposes ('discount method'). The 'discount method' can be used to calculate capital gains made from investments that have been held for more than 12 months.

CGT concessional amount

The CGT concessional amount is the non-assessable component of the capital gains calculated under the 50% discount method. The CGT concession amount of the distribution should not be included in your assessable income and should not reduce the cost base of your units for CGT purposes.

Capital gains – 'indexation method'

This amount represents the total of capital gains that have been calculated using frozen indexation as at 30 September 1999. The 'indexation method' is available provided that the asset was purchased before 11.45 EST on 21 September 1999, and held for more than 12 months. Capital gains calculated under this method should be included in your assessable income.

Capital gains – other method

For investments purchased after 11.45 EST on 21 September 1999 and sold within 12 months, there is no indexation or discounting available. The full amount of the capital gains calculated under this method is taxable.

Foreign income

Foreign income and associated tax credits has been classified into the following categories.

Foreign interest income

This represents foreign interest income received.

Foreign modified passive income

This includes foreign rental income, foreign profits of a capital nature, foreign dividends, foreign exchange gains and losses and passive commodity gains.

Other assessable foreign income

This represents any foreign income not classified as either foreign interest or foreign passive income.

Other non-assessable amounts

Tax exempted amounts

Tax exempt amounts are not taxable and are therefore not required to be disclosed in your tax return. This amount includes income from certain infrastructure borrowings and/or exempt income arising from shares in a pooled development fund. No adjustment is required to the cost base or reduced cost base for the purposes of calculating a capital gain or loss on disposal of your units.

Tax free amounts

Tax free amounts are not taxable, therefore not required to be disclosed in your tax return. Tax free amounts reduce the reduced cost base of your units for the purposes of calculating a capital loss on disposal of your units.

Tax deferred amounts

Generally, tax deferred amounts are not taxable when received and are therefore not usually required to be disclosed in your tax return. Once the total tax deferred amounts received by you during the total period you hold your units exceed your cost base in respect of those units, the excess distributions will be subject to tax under the capital gains tax provisions. Tax deferred amounts reduce the cost base and reduced cost base for the purposes of calculating a capital gain or loss on disposal of your units.

Return of capital

Generally, return of capital amounts are not taxable when received. Return of capital amounts reduce the cost base and reduced cost base for the purposes of calculating a capital gain or loss on disposal of your units.



For more information contact 1800 008 494 or visit www.arenainvest.com.au

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