



AUSTRALIAN TAX GUIDE FY17

For Exchange Traded Bond units (XTBs)

The XTB Australian Tax Guide (Guide) provides a general summary of the Australian income tax implications of an investment in XTBs by an Australian investor.

The information in this Guide is general in nature only and does not address all of the taxation issues which may be relevant to a particular investor. Accordingly, this Guide does not constitute legal, financial or tax advice and may not be relied upon as such.

As taxation is complex and depends on your own circumstances, you should consult a registered tax agent or an accountant in order to obtain your own independent professional taxation advice when completing your tax return.



XTBs – Background

Your investment consists of a class of units issued by Theta Asset Management Limited, the responsible entity (Theta) which are quoted on ASX. Each XTB is a separate class of units in the Australian Corporate Bond Trust (ARSN 603 010 779) (Trust), which is registered by the Australian Securities & Investments Commission as an Australian Managed Investment Scheme.

Registry Direct Pty Ltd (Registry Direct) is the registrar of each class of XTB. Registry Direct is not responsible for any of the information contained in this Guide.

Assumptions

The information contained in this Guide assumes that the investor:

- ▶ Is an Australian resident for income tax purposes with an income year ending on 30 June;
- ▶ Is an individual investor or a complying superannuation fund; and
- ▶ In the case of an individual investor, does not carry on a business of either trading or dealing in securities or otherwise hold investments on revenue account – any subsequent disposal of their investment in an XTB will therefore be subject to the capital gains tax regime.

This Guide is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (ATO) generally accepted as at 30 June 2017. Taxation laws may change in the future without notice. Further, legislation introduced to give effect to any announcements regarding tax may contain provisions which were not contemplated at the time of the announcements.

Distributions

A distribution from a managed fund represents your share of the income earned by a fund. A fund may earn different types of income, for example dividends, interest and capital gains. Additionally, the income may be Australian sourced or foreign sourced. The Trust is structured as a unit trust which means the type of income earned by the Trust generally retains its character when paid to you as a distribution. The components required to complete your tax return, and the components of the distributions you received, are detailed in the relevant Parts of your annual taxation statement.

The Trust earns interest income from holding the underlying bonds that represent each class of XTB. Despite the Trust being a single Managed Investment Scheme, only those holders of a particular class of XTB will be entitled to distributions associated with that class of XTB.

Each class of XTB will pay distributions at approximately the same time that the underlying bond to which that class of XTB corresponds to pays its coupons. Some classes of XTBs will therefore pay distributions quarterly and others will pay semi-annually to reflect the payment frequency of the relevant underlying bond.

Payments

Annexure A sets out the distributions made during the last financial year. If you held the relevant XTB on the record date, you will have received the relevant distribution into your nominated account or via a cheque. In order to calculate the total amount of your distribution you need to multiply the number of units held on the record date by the amount of the distribution, rounded down to the nearest cent.

Are XTB distributions assessable?

As an XTB holder you will be assessed on all distributions received in respect of each class of XTBs in the financial year in which you are entitled to those distributions.

Generally the only form of income the Trust will earn during the relevant financial year will be interest income. Given the nature of XTBs, there will be no capital gains tax earned by the fund and there will be no franking credits or foreign tax offsets in respect of the distributions received in respect of a class of XTB.

However any tax-deferred distributions (e.g. return of capital) you receive do not form part of your assessable income for tax purposes and generally do not have to be reported in your Australian income tax return. Tax-deferred distributions reduce the cost base of your XTB. If the sum of the tax-deferred amounts is more than your cost base in the XTB, you may make a capital gain.

Withholding Tax

If you are not an Australian resident for tax purposes and are entitled to taxable income of a class of XTB, Theta is not required to withhold tax from interest income included in the distribution in respect of that class of XTB on the basis that the relevant underlying bond was issued in compliance with the public offer test contained in section 128F of the Income Tax Assessment Act 1936 (Cth).

Did you dispose of any XTBs during the year?

The sale or other disposal of your XTBs will constitute a capital gains tax ("CGT") event for Australian tax purposes. You will make a capital gain if the capital proceeds you receive as a result of the CGT event are greater than the cost base of the units.

The cost base of your units is generally the amount that you paid for the investment and any incidental costs you incur on its acquisition and disposal (e.g. broker's fees). The cost base may be reduced by any tax-deferred distributions you receive from the Trust. If the sum of the tax-deferred amounts is more than your cost base in the XTB, you may make a capital gain equal to the excess amount. Your Annual Tax Statement should include the details of any tax deferred distributions during the year.

If you are eligible for the discount capital gains concession, you may reduce the realised nominal capital gain by 50.00% if you are an individual, or by 33.33% if you are a complying superannuation fund. This concession will apply if you have held the units for 12 months or more prior to the CGT event. If the capital proceeds you receive on the disposal of your units are less than their reduced cost base, the difference is treated as a capital loss. Such losses can be offset against capital gains arising in the current or future income years, but cannot be used to reduce the tax payable on your ordinary income (such as interest, dividends, etc).

Fixed Rate XTBs

| XTB ASX CODE | RECORD DATE | PAYMENT DATE | PER XTB DISTRIBUTION |
|--------------|-------------|--------------|----------------------|
| YTMAGL | 27-Apr-17 | 10-May-17 | 2.500 |
| YTMAGL | 28-Oct-16 | 10-Nov-16 | 2.500 |
| YTMANZ | 26-May-17 | 08-Jun-17 | 1.625 |
| YTMANZ | 25-Nov-16 | 08-Dec-16 | 1.625 |
| YTMAPA | 13-Jan-17 | 26-Jan-17 | 3.875 |
| YTMAPA | 14-Jul-16 | 27-Jul-16 | 3.875 |
| YTMAST | 20-Jun-17 | 03-Jul-17 | 2.875 |
| YTMAST | 20-Dec-16 | 03-Jan-17 | 2.875 |
| YTMAWC | 11-May-17 | 24-May-17 | 3.625 |
| YTMAWC | 11-Nov-16 | 24-Nov-16 | 2.750 |
| YTMAZJ | 20-Apr-17 | 03-May-17 | 2.875 |
| YTMAZJ | 20-Oct-16 | 03-Nov-16 | 2.875 |
| YTMBH1 | 20-Mar-17 | 04-Apr-17 | 1.500 |
| YTMBH1 | 20-Sep-16 | 06-Oct-16 | 1.500 |
| YTMBHP | 10-Apr-17 | 21-Apr-17 | 1.875 |
| YTMBHP | 10-Oct-16 | 21-Oct-16 | 1.875 |
| YTMBOQ | 02-Jun-17 | 16-Jun-17 | 2.000 |
| YTMBOQ | 02-Dec-16 | 15-Dec-16 | 2.000 |
| YTMCCA | 03-May-17 | 18-May-17 | 2.125 |
| YTMCCA | 02-Nov-16 | 17-Nov-16 | 2.125 |
| YTMCTX | 15-May-17 | 26-May-17 | 3.625 |
| YTMCTX | 15-Nov-16 | 28-Nov-16 | 3.625 |
| YTMCWN | 10-Jan-17 | 23-Jan-17 | 2.875 |
| YTMCWN | 08-Jul-16 | 21-Jul-16 | 2.875 |
| YTMDO1 | 03-Mar-17 | 16-Mar-17 | 2.250 |
| YTMDO1 | 02-Sep-16 | 15-Sep-16 | 2.250 |
| YTMDO1 | 19-May-17 | 01-Jun-17 | 2.875 |
| YTMDO1 | 21-Nov-16 | 02-Dec-16 | 2.875 |
| YTMDO1 | 02-Mar-17 | 16-Mar-17 | 2.875 |
| YTMDO1 | 02-Sep-16 | 15-Sep-16 | 2.875 |
| YTMGPT | 16-Jan-17 | 30-Jan-17 | 3.375 |
| YTMGPT | 15-Jul-16 | 28-Jul-16 | 3.375 |
| YTMGPL | 13-Feb-17 | 24-Feb-17 | 2.875 |
| YTMGPL | 12-Aug-16 | 25-Aug-16 | 2.875 |
| YTMML1 | 03-May-17 | 18-May-17 | 3.000 |
| YTMML1 | 02-Nov-16 | 17-Nov-16 | 3.000 |
| YTMMLC | 03-May-17 | 18-May-17 | 2.750 |
| YTMMLC | 02-Nov-16 | 17-Nov-16 | 2.750 |
| YTMMG1 | 09-Jun-17 | 22-Jun-17 | 2.750 |
| YTMMG1 | 09-Dec-16 | 22-Dec-16 | 2.750 |
| YTMGR | 10-Mar-17 | 23-Mar-17 | 2.875 |
| YTMGR | 09-Sep-16 | 22-Sep-16 | 2.875 |
| YTMQ | 23-Feb-17 | 08-Mar-17 | 1.625 |
| YTMNA1 | 08-Jun-17 | 21-Jun-17 | 2.000 |
| YTMNA1 | 08-Dec-16 | 21-Dec-16 | 2.000 |

| XTB ASX CODE | RECORD DATE | PAYMENT DATE | PER XTB DISTRIBUTION |
|--------------|-------------|--------------|----------------------|
| YTMNAB | 12-May-17 | 25-May-17 | 2.125 |
| YTMNAB | 11-Nov-16 | 24-Nov-16 | 2.125 |
| YTMQF1 | 12-Apr-17 | 02-May-17 | 3.250 |
| YTMQF1 | 17-Oct-16 | 02-Nov-16 | 3.250 |
| YTMQF2 | 31-May-17 | 16-Jun-17 | 3.750 |
| YTMQF2 | 30-Nov-16 | 15-Dec-16 | 3.750 |
| YTMQF3 | 09-May-17 | 24-May-17 | 3.875 |
| YTMQF3 | 09-Nov-16 | 24-Nov-16 | 3.875 |
| YTMSCG | 13-Apr-17 | 28-Apr-17 | 2.500 |
| YTMSCG | 14-Oct-16 | 27-Oct-16 | 2.500 |
| YTMSG1 | 17-May-17 | 30-May-17 | 4.125 |
| YTMSG1 | 17-Nov-16 | 30-Nov-16 | 4.125 |
| YTMSGP | 24-Feb-17 | 09-Mar-17 | 2.750 |
| YTMSGP | 29-Aug-16 | 09-Sep-16 | 2.750 |
| YTMSYD | 28-Jun-17 | 11-Jul-17 | 3.875 |
| YTMSYD | 29-Dec-16 | 11-Jan-17 | 3.875 |
| YTMTLS | 06-Jan-17 | 19-Jan-17 | 3.875 |
| YTMTLS | 07-Jul-16 | 20-Jul-16 | 3.875 |
| YTMWB1 | 20-Jan-17 | 02-Feb-17 | 1.750 |
| YTMWBC | 13-Jan-17 | 27-Jan-17 | 1.625 |
| YTMWE1 | 06-Mar-17 | 17-Mar-17 | 2.375 |
| YTMWE1 | 02-Sep-16 | 15-Sep-16 | 2.375 |
| YTMWES | 20-Mar-17 | 31-Mar-17 | 3.125 |
| YTMWES | 20-Sep-16 | 04-Oct-16 | 3.125 |
| YTMWOW | 13-Mar-17 | 24-Mar-17 | 3.000 |
| YTMWOW | 13-Sep-16 | 26-Sep-16 | 3.000 |

Floating Rate XTBs

| XTB ASX CODE | RECORD DATE | PAYMENT DATE | PER XTB DISTRIBUTION |
|--------------|-------------|--------------|----------------------|
| YTMF01 | 29-May-17 | 09-Jun-17 | 0.669 |
| YTMF01 | 24-Feb-17 | 09-Mar-17 | 0.651 |
| YTMF01 | 28-Nov-16 | 09-Dec-16 | 0.644 |
| YTMF01 | 29-Aug-16 | 09-Sep-16 | 0.720 |
| YTMF02 | 28-Oct-16 | 10-Nov-16 | 0.732 |
| YTMF02 | 28-Jul-16 | 11-Aug-16 | 0.783 |
| YTMF03 | 02-Jun-17 | 16-Jun-17 | 0.704 |
| YTMF03 | 03-Mar-17 | 16-Mar-17 | 0.691 |
| YTMF03 | 02-Dec-16 | 15-Dec-16 | 0.681 |
| YTMF03 | 02-Sep-16 | 15-Sep-16 | 0.745 |
| YTMF04 | 28-Apr-17 | 11-May-17 | 0.646 |
| YTMF04 | 31-Jan-17 | 13-Feb-17 | 0.664 |
| YTMF04 | 31-Oct-16 | 11-Nov-16 | 0.672 |
| YTMF04 | 29-Jul-16 | 11-Aug-16 | 0.716 |
| YTMF05 | 12-May-17 | 25-May-17 | 0.656 |
| YTMF05 | 10-Feb-17 | 23-Feb-17 | 0.649 |
| YTMF05 | 11-Nov-16 | 24-Nov-16 | 0.642 |
| YTMF05 | 12-Aug-16 | 25-Aug-16 | 0.730 |
| YTMF06 | 13-Apr-17 | 28-Apr-17 | 0.718 |
| YTMF06 | 13-Jan-17 | 27-Jan-17 | 0.709 |
| YTMF06 | 14-Oct-16 | 27-Oct-16 | 0.743 |
| YTMF06 | 15-Jul-16 | 28-Jul-16 | 0.831 |
| YTMF07 | 07-Apr-17 | 21-Apr-17 | 0.648 |
| YTMF07 | 09-Jan-17 | 20-Jan-17 | 0.648 |
| YTMF08 | 27-Apr-17 | 11-May-17 | 0.708 |
| YTMF08 | 27-Jan-17 | 09-Feb-17 | 0.704 |
| YTMF08 | 28-Oct-16 | 10-Nov-16 | 0.712 |
| YTMF09 | 26-May-17 | 08-Jun-17 | 0.743 |
| YTMF09 | 23-Feb-17 | 08-Mar-17 | 0.692 |
| YTMF09 | 25-Nov-16 | 08-Dec-16 | 0.703 |
| YTMF10 | 26-May-17 | 08-Jun-17 | 0.666 |
| YTMF10 | 23-Feb-17 | 08-Mar-17 | 0.620 |
| YTMF10 | 25-Nov-16 | 08-Dec-16 | 0.628 |
| YTMF11 | 20-Apr-17 | 03-May-17 | 0.644 |
| YTMF11 | 20-Jan-17 | 02-Feb-17 | 0.682 |
| YTMF11 | 20-Oct-16 | 03-Nov-16 | 0.697 |

Contact details

Australian Corporate Bond Company Ltd
Suite 2, Level 10
1 Chifley Square
Sydney NSW 2000
Telephone: 1800 995 993
Email: investors@xtbs.com.au
www.xtbs.com.au

Theta Asset Management Ltd,
Suite 501, Level 5
210 Clarence Street,
Sydney NSW 2000
Telephone: 02 8012 0638
Email: invest@thetaasset.com.au
www.thetaasset.com.au

