



AUSTRALIAN TAX GUIDE FY19

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 2019. 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.

In addition the Trust earned consent fees relating to amendments to the underlying bond terms for YTMD01, YTMSGP, YTMSG1 and YTMSG2, these consent fees were passed through to the relevant holders of these XTBs on the register at the time of announcement of the consent fees by the Issuer of the underlying bonds



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 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.

The consent fees payable in respect of certain XTBs was additional to interest income earned during the relevant financial year. Any consent fee is assessable as income for the purposes of Australian income tax.

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).

The consent fees payable in respect of certain XTBs to non-residents will be subject to tax (as the income does not qualify for the section 128F interest withholding tax exemption). Theta is required to withhold tax at 45% if you do not provide an Australian tax file number (TFN withholding) or possibly a lower rate where a TFN or other appropriate tax registrations have been provided.

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	26-Oct-18	8-Nov-18	2.500
YTMAGL	26-Apr-19	8-May-19	2.500
YTMANZ	23-Nov-18	6-Dec-18	1.625
YTMANZ	24-May-19	6-Jun-19	1.625
YTMAP1	12-Oct-18	25-Oct-18	1.875
YTMAP1	12-Apr-19	29-Apr-19	1.875
YTMAPA	13-Jul-18	26-Jul-18	3.875
YTMAPA	14-Jan-19	25-Jan-19	3.875
YTMAS2	8-Feb-19	21-Feb-19	2.200
YTMAST	20-Jun-18	3-Jul-18	2.875
YTMAST	20-Dec-18	3-Jan-19	2.875
YTMAST	20-Jun-19	3-Jul-19	2.875
YTMAWC	9-Nov-18	22-Nov-18	2.750
YTMAWC	10-May-19	23-May-19	2.750
YTMAZJ	19-Oct-18	1-Nov-18	2.875
YTMAZJ	18-Apr-19	2-May-19	2.875
YTMBH1	19-Sep-18	5-Oct-18	1.500
YTMBH1	20-Mar-19	4-Apr-19	1.500
YTMCCA	5-Nov-18	16-Nov-18	2.125
YTMCCA	1-May-19	16-May-19	2.125
YTMCTX	15-Nov-18	28-Nov-18	3.625
YTMDO1	3-Sep-18	15-Sep-18	2.250
YTMDO1	20-Nov-18	21-Dec-18	0.050 Consent Fee
YTMDO1	1-Mar-19	14-Mar-19	2.250
YTMDO1	21-Nov-18	4-Dec-18	2.875
YTMDO1	26-Oct-18	8-Nov-18	2.375
YTMDO1	26-Apr-19	9-May-19	2.375
YTMDO2	2-Nov-18	15-Nov-18	2.125
YTMDO2	3-May-19	16-May-19	2.125
YTMDO3	31-Aug-18	13-Sep-18	2.875
YTMGPI	16-Aug-18	29-Aug-18	1.8285
YTMGPI	15-Feb-19	28-Feb-19	1.8285
YTMGPT	16-Jul-18	27-Jul-18	3.375
YTMGPT	16-Jan-19	30-Jan-19	3.375
YTMIP1	13-Aug-18	24-Aug-18	2.875
YTMIP1	13-Feb-19	26-Feb-19	2.875
YTMILL1	5-Nov-18	16-Nov-18	3.000
YTMILL1	3-May-19	16-May-19	3.000
YTMILL2	5-Nov-18	16-Nov-18	2.750
YTMILL3	10-Sep-18	21-Sep-18	1.750
YTMILL3	8-Mar-19	21-Mar-19	1.750
YTMILL4	10-Sep-18	21-Sep-18	2.875
YTMILL4	8-Mar-19	21-Mar-19	2.875

XTB ASX CODE	RECORD DATE	PAYMENT DATE	PER XTB DISTRIBUTION
YTMMQG	24-Aug-18	6-Sep-18	1.625
YTMMQG	22-Feb-19	7-Mar-19	1.625
YTMNA1	7-Dec-18	20-Dec-18	2.000
YTMNA1	7-Jun-19	20-Jun-19	2.000
YTMNAB	12-Nov-18	23-Nov-18	2.125
YTMNAB	10-May-19	23-May-19	2.125
YTMQF1	17-Oct-18	1-Nov-18	3.250
YTMQF1	12-Apr-19	2-May-19	3.250
YTMQF2	29-Nov-18	14-Dec-18	3.750
YTMQF2	30-May-19	14-Jun-19	3.750
YTMQF3	7-Nov-18	22-Nov-18	3.875
YTMQF3	8-May-19	23-May-19	3.875
YTMSCG	15-Oct-18	26-Oct-18	2.500
YTMSCG	15-Apr-19	29-Apr-19	2.500
YTMSG1	16-Nov-18	29-Nov-18	4.125
YTMSG1	7-Feb-19	13-Feb-19	0.100 Consent Fee
YTMSG1	17-May-19	30-May-19	4.125
YTMSG2	15-Nov-18	28-Nov-18	2.250
YTMSG2	7-Feb-19	13-Feb-19	0.100 Consent Fee
YTMSG2	15-May-19	28-May-19	2.250
YTMSGP	29-Aug-18	11-Sep-18	2.750
YTMSGP	7-Feb-19	13-Feb-19	0.100 Consent Fee
YTMSGP	26-Feb-19	11-Mar-19	2.750
YTMSYD	28-Jun-18	11-Jul-18	3.875
YTMTCL	30-Nov-18	13-Dec-18	2.450
YTMTCL	3-Jun-19	14-Jun-19	2.450
YTMTL1	7-Sep-18	20-Sep-18	2.000
YTMTL1	8-Mar-19	21-Mar-19	2.000
YTMTL2	11-Oct-18	24-Oct-18	2.000
YTMTL2	11-Apr-19	26-Apr-19	2.000
YTMTLS	6-Jul-18	19-Jul-18	3.875
YTMTLS	7-Jan-19	18-Jan-19	3.875
YTMVC1	18-Oct-18	31-Oct-18	2.000
YTMVC1	18-Apr-19	1-May-19	2.000
YTMVCX	18-Oct-18	31-Oct-18	1.750
YTMVCX	18-Apr-19	1-May-19	1.750
YTMWB1	20-Jul-18	2-Aug-18	1.750
YTMWB1	18-Jan-19	1-Feb-19	1.750
YTMWBC	13-Jul-18	26-Jul-18	1.625
YTMWBC	14-Jan-19	25-Jan-19	1.625
YTMWE1	4-Sep-18	17-Sep-18	2.375
YTMWE1	4-Mar-19	15-Mar-19	2.375
YTMWES	20-Sep-18	3-Oct-18	3.125
YTMWES	20-Mar-19	2-Apr-19	3.125
YTMWOW	13-Sep-18	26-Sep-18	3.000
YTMWOW	13-Mar-19	26-Mar-19	3.000

Floating Rate XTBs

XTB ASX CODE	RECORD DATE	PAYMENT DATE	PER XTB DISTRIBUTION
YTMF04	31-Jul-18	13-Aug-18	0.72087671
YTMF04	31-Oct-18	13-Nov-18	0.71641534
YTMF05	10-Aug-18	23-Aug-18	0.69414301
YTMF05	12-Nov-18	23-Nov-18	0.70701370
YTMF05	12-Feb-19	25-Feb-19	0.70323288
YTMF05	10-May-19	23-May-19	0.67298630
YTMF06	13-Jul-18	26-Jul-18	0.78908219
YTMF06	15-Oct-18	26-Oct-18	0.77758904
YTMF06	15-Jan-19	29-Jan-19	0.76261699
YTMF06	15-Apr-19	29-Apr-19	0.78544110
YTMF07	9-Jul-18	20-Jul-18	0.72301370
YTMF07	9-Oct-18	22-Oct-18	0.71328986
YTMF07	9-Jan-19	22-Jan-19	0.69315068
YTMF07	9-Apr-19	24-Apr-19	0.71045753
YTMF08	27-Jul-18	10-Aug-18	0.77254795
YTMF08	29-Oct-18	9-Nov-18	0.75702027
YTMF08	29-Jan-19	11-Feb-19	0.75891178
YTMF08	26-Apr-19	9-May-19	0.75345205
YTMF09	24-Aug-18	6-Sep-18	0.77163014
YTMF09	23-Nov-18	6-Dec-18	0.76001205
YTMF09	22-Feb-19	7-Mar-19	0.76165753
YTMF09	24-May-19	6-Jun-19	0.74318329
YTMF10	24-Aug-18	6-Sep-18	0.69683562
YTMF10	23-Nov-18	6-Dec-18	0.68521753
YTMF10	22-Feb-19	7-Mar-19	0.68686301
YTMF10	24-May-19	6-Jun-19	0.66838877
YTMF11	19-Jul-18	2-Aug-18	0.73173973
YTMF11	18-Oct-18	1-Nov-18	0.71353973
YTMF11	18-Jan-19	1-Feb-19	0.70953425
YTMF11	18-Apr-19	2-May-19	0.73336438
YTMF13	29-Nov-18	12-Dec-18	0.73066767
YTMF13	27-Feb-19	12-Mar-19	0.73602740
YTMF13	30-May-19	13-Jun-19	0.72170849
YTMF14	8-Feb-19	21-Feb-19	0.76255890
YTMF14	8-May-19	21-May-19	0.72418400
YTMF15	1-Feb-19	14-Feb-19	0.68359699
YTMF15	2-May-19	15-May-19	0.68117918
YTMF16	18-Jan-19	1-Feb-19	0.68684932
YTMF16	18-Apr-19	2-May-19	0.71117260
YTMF17	15-Feb-19	28-Feb-19	0.82126877
YTMF17	16-May-19	29-May-19	0.78141589

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

