

The following notes have been prepared to help you understand your Consolidated Tax Statement (“Statement”) and complete your 2008/09 personal income tax return (“tax return”).

You should use this Guide if you have received or reinvested distributions paid or accrued in the 2008/09 financial year (including distributions paid in the July for the period ended 30 June 2009) from the **Investment Access Funds**:

- > Conservative Growth Fund
- > Balanced Growth Fund
- > Aggressive Growth Fund
- > Australian Share Fund

This Guide has been prepared as general information **only and relates specifically to the “Tax Return for individuals 2009” and “Tax return for individuals (supplementary section) 2009”.**

If you are a non-resident for Australian tax purposes or your investment is in the name of a company, trust, partnership, other association or superannuation fund, you may need to make adjustments to the information provided. It is **important to note that you should contact your taxation adviser** if you are unsure about any tax matters.

This Guide:

1. Indicates how to include income you receive from your investment in the Fund(s) in your tax return. You should note that it only refers to the **specific questions you need to complete in order to do this**. You may need to complete other questions in your tax return.
2. Explains terms to help you understand the distributions. Distributions are sourced from **many areas such as cash, fixed interest, listed shares**, listed property trusts and other managed investments held in Australia or foreign countries. The type of income distributed will vary between Funds.

To complete your tax return you will need:

- > a copy of the “TaxPack 2009”;
- > a copy of the “TaxPack 2009 supplement”;
- > your Investment Access Funds Consolidated Tax Statement; and
- > a Realised Capital Gains Tax Worksheet (CGT Worksheet) if you have sold any part of a unit holding **during the financial year**.

What you should receive from us?

- > a Consolidated Tax Statement;
- > a Realised Capital Gains Tax Worksheet (available on request).

The following describes the amounts that may appear on your Statement with comments on where each amount should be shown in your tax return. Part A of the Statement is a summary of the tax components of your income from the Fund(s). For ease of reference, the labels are the same on both the Statement and the tax return unless otherwise stated.

Australian income

This is income received by the Fund(s) from Australian sources including interest, dividends and property trust income. The Statement refers to this item as ‘non-primary production income’ and the amount noted should be included in **Item 13 label U** of your tax return beside ‘Distribution from trusts, less net capital gains and foreign income’.

Franking credits

Franking or imputation credits are credits for tax paid by a company on its earnings. These credits may be offset against your tax liability.

You should enter this amount at **Item 13 label Q** of your tax return beside ‘Share of franking credit from franked dividends’. If you are unsure about how to utilise such credits, we recommend you consult your taxation adviser.

Foreign income

This represents non-Australian sourced income. There are two sections to complete. They are:

- > ‘Assessable foreign sourced income’. Enter this amount at **Item 20 label E** of your tax return.
- > ‘Other net foreign source income’ at **Item 20 label M** of your tax return.

If you have deductions or losses carried forward relating to foreign income we recommend you consult your taxation adviser.

Foreign tax offsets

A foreign tax offset may be available where tax was deducted from income in the country where that income was earned. Calculate your foreign tax offset entitlement using the ATO publication “Guide to foreign income tax offset rules 2008-09”. Enter this amount at **Item 20 label O** of your tax return beside ‘Foreign income tax offsets’.

Capital gain and losses

Capital gains shown in the Statement and the CGT Worksheet (if applicable) are derived from two sources:

- > trust distributions; and
 - > the sale of investments (ie units in the Fund(s)).
- Individuals are allowed a 50% discount on eligible capital gains. However the “indexation” system may be available for certain capital gains on assets acquired before 21 September 1999.

For assets held for less than 12 months the total gain should be included in assessable income. Where the Fund(s) have sold assets and made capital gains, we have used the calculation method which results in the most favourable outcome.

Types of capital gains noted on your Statement are:

- > **Discounted capital gains** – capital gains on assets held for more than 12 months (disclosed after the 50% discount has been applied).
- > **CGT concession amount** – the CGT discount component of any actual distribution from a managed fund. It is not taxable and does not affect the cost based of your units for capital gains purposes.
- > **Capital gains (other method)** – capital gains on assets for which the discount method is not available, or for which the indexation method provides a more favourable outcome.
- > **Distributed capital gains** – total capital gains distributed including discounted and CGT concession amounts.
- > **Net capital gains** – total capital gains reduced by total capital losses and any carried forward capital losses from previous years, less any CGT discount to which you are entitled.
- > **Total current year capital gains** – Total capital gains before applying any discount.

Total capital gains

Total capital gains include all capital gains for the 2008/09 income year. Total capital gains can be determined from your Statement, your CGT Worksheet (if applicable) and/or from other sources. Do not apply capital losses or the GST discount yet. Enter the sum of these amounts at **Item 18 label H** of your tax return beside 'Total current year capital gains'.

Capital losses

You are able to use capital losses to offset capital gains from:

- > your investment in the Fund(s); or
- > other investments you hold.

If you have capital losses, you will need to refer to your:

- > Statement; and
- > ATO "Capital gains tax (CGT) schedule 2009" and the ATO "Guide to capital gains tax 2009", to determine how to correctly apply them.

If you have more capital losses than capital gains, **the balance can be carried forward indefinitely until** such time as you have a capital gain against which you can offset them. Any unapplied capital losses from the current year or previous year should be shown at **Item 18 label V** of your tax return beside 'Net capital losses carried forward to later income years'.

Net capital gains

Net capital gains are calculated from:

- > capital gains distributed from the Fund(s);
- > any capital gains made on your disposal of units; and
- > any other capital gains you made in the current income year,

after applying any capital losses and/or the discount percentage.

You should enter net capital gains at **Item 18 label A** of your tax return beside 'Net capital gain'.

In addition to your Statement and CGT Worksheet (if applicable), you may also need to refer to the ATO "Guide to capital gains tax 2009". As a net CGT liability can be difficult to determine, we recommend you consult your taxation adviser.

Realised Capital Gains Tax Worksheet

It is important to note that if you sold any part of your **unit holding in the Fund(s) in the 2008/09 financial year** you may request a CGT Worksheet.

'Indexed/Adjusted Cost' is the adjusted cost base of your investment when you acquired your units, taking into account net adjustments for indexation, returns of capital and other adjustments where applicable.

These adjustment figures (excluding indexation) are recorded on your Statement for 2008/09 and/or **previous financial years. These statements should be retained** and readily available as a source of information to compile your current tax return.

Capital gains tax return information

The ATO requires certain individual taxpayers to complete a CGT schedule. The instructions are provided in the ATO "Guide to capital gains tax 2009".

We recommend you consult your accountant or taxation adviser if you are unsure about completing this schedule.

TARP and NTARP

Capital gains TARP are capital gains from 'Taxable Australian Real Property'. Capital gains NTARP are capital gains from 'Not Taxable Australian Real Property'. If you are a resident of Australia for taxation purpose there is no distinction and you will not be affected by these definitions. If you are a non resident for Australian taxation purposes, this distinction will affect the amount of withholding tax deducted from your distribution.

Other non assessable amounts

> **Tax free amounts** – this category represents non-taxable income derived by the fund. This income will usually be from infrastructure investments. It is important to keep records of this class of income as it will affect the cost base of an investment if it is sold at a loss.

> **Tax deferred amounts** – this income represents non-taxable income distributed to you. These amounts arise as the difference between accounting and taxable income eg differences in treatment of depreciation. It is important to keep records of this class of income as it will affect the cost base of an investment, whether sold at a profit or a loss.

Tax File Number (TFN) withholding tax

When you first invested in the Fund(s) you were asked to provide your Tax File Number (TFN) or exemption reason. If you chose not to do so, we will have deducted TFN withholding tax at a rate of 46.5% from distributions of income made to you. This amount of TFN withholding tax should be shown at **Item 13 label R** of your tax return beside 'Share of credit for tax file number amounts withheld from interest, dividends and unit trust distributions'.

Like other tax credits, TFN withholding tax can offset your tax liability on taxable income. In circumstances where the TFN withholding tax exceeds your tax liability, you are entitled to a refund of that excess tax.

If you required further information about your investment please contact us on 1800 226 174 or email us at investments@ddhgraham.com.au

This Guide does not give or purport to give legal or taxation advice. You should consult your professional legal or tax adviser or accountant before using the information contained in this document. DDH Graham Limited believes that the information contained in this document is correct and that the opinions, conclusions or recommendations contained here in are reasonably held or made at the time of compilation, however no warranty is made as the accuracy or reliability of this information.