



Celeste Australian Small Companies Fund
ARSN 093 539 416

12 May 2017

Notice of proposal to amend the constitution of the fund to take advantage of the new tax regime

About this notice

This notice is given by Celeste Funds Management Limited (ABN 78 098 628 605, AFSL 222455) ("**Celeste**") in its capacity as the responsible entity of the Celeste Australian Small Companies Fund ("**Fund**").

This notice is to inform investors who invest directly in the Fund that Celeste proposes to change the Fund's constitution to take advantage of the new Attribution Managed Investment Trust tax regime ("**AMIT Regime**").

As the AMIT Regime will affect a large number of managed investment trusts, the Australian Securities and Investments Commission has granted relief which permits Celeste to make the proposed changes under *ASIC Corporations (Attribution Managed Investments Investment Trusts) Instrument 2016/489* provided that, among other things, this notice is given to investors to explain the changes proposed.

Why is Celeste proposing to amend the Fund's constitution?

The AMIT Regime is a new taxation regime which was recently introduced for managed investment trusts. The proposed amendments to the Fund's constitution will allow Celeste to elect into and operate under this new taxation regime.

What information should investors know about the proposed amendments?

Celeste considers that the proposed amendments to the Fund's constitution are in the best interests of investors.

Under the AMIT Regime, the Fund will be able to attribute the Fund's taxable income and tax offsets to investors on a fair and reasonable basis. It will also provide the ability to adjust the cost base of an investor's interest in the Fund upwards or downwards where cash distributions are less, or greater, than the amount of taxable income attributed to an investor.

When will the change take effect?

Celeste plans to introduce the changes with effect from 1 July 2017.

What happens next?

Celeste will modify the Fund's constitution to take advantage of the AMIT Regime as proposed, unless it receives requests by 5PM (Sydney time) on 19 May 2017 from investors with at least 5% of the votes that may be cast, to call and arrange to hold a meeting of the Fund's investors. This meeting would be to consider and vote on a special resolution to modify the constitution to take advantage of the AMIT Regime as proposed.

If you wish to request a meeting of the Fund's investors, your request must be made in writing and sent to stephen@celestefunds.com.au by 5PM (Sydney time) on 19 May 2017.

Your email must include your full name and your investor code.

If you have any questions in relation to this notice you may wish to speak with your financial advisor. You may also contact us on 02 9216 1800 between 9AM and 5PM (Sydney time) Monday to Friday. You can also email us at stephen@celestefunds.com.au.