



# AB MANAGED VOLATILITY EQUITIES - GREEN

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## IMPORTANT NOTICE

AB Managed Volatility Equities - Green APIR ACM3950AU referred to in this Information Memorandum (IM) as the "MVE-Green Class" is a unit class of the AllianceBernstein Managed Volatility Equities Fund ARSN 099 739 447 (Fund). This IM is a summary of the significant information you need to consider to make a decision about the MVE-Green Class. It is important that you read this IM before making a decision to invest in the MVE-Green Class.

The information outlined in this IM is general information only and has been prepared without taking into account the investment objectives, financial situation or needs of any particular investor. You should consider the appropriateness of the information for your situation before you decide to invest. You should obtain financial advice tailored to suit your personal circumstance before investing in the MVE-Green Class.

An investment in the MVE-Green Class does not represent deposits or other liabilities of AllianceBernstein Investment Management Australia Limited (ABIMAL) or any other person. None of ABIMAL, its related bodies corporate, officers, employees or agents guarantees in any way the performance of the MVE-Green Class or, repayment of capital from the Fund, any particular return from, or any increase in, the value of the MVE-Green Class. This investment is subject to investment and other risks, which could involve delays in the repayment or loss of income or your amount invested.

## ABOUT THIS IM

ABIMAL prepared this IM and is the issuer of the units in the MVE-Green Class. This IM does not constitute an offer or invitation in any place where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register this IM in any jurisdiction outside Australia. The distribution of this IM in jurisdictions outside Australia may be restricted by the laws of those jurisdictions. A failure to comply with these restrictions may constitute a violation of the laws in those jurisdictions. Offers in the MVE-Green Class cannot be made within the United States or sold on account of or for the benefit of "US persons".

## QUALIFIED INVESTORS ONLY

This IM is intended to be provided for offers of units in a managed investment scheme that does not need a product disclosure statement under the Corporations Act. This IM is intended for distribution to those investors who are wholesale clients for the purposes of Part 7.9 of the Corporations Act only (Qualified Investor). This IM is not intended for, should not be distributed to, and should not be construed as an offer or invitation to, any other person. It is not required to be lodged with, nor has it been authorised by, the Australian Securities and Investments Commission (ASIC).

References in the IM to "ABIMAL", "we", "us" or "our" refer to AllianceBernstein Investment Management Australia Limited.

## UPDATES TO THIS IM

Information in this IM is current as at the date of this IM but may change from time to time and can be updated or replaced. Please contact us for any updates prior to investing in the MVE-Green Class. A paper copy of any updated information including the IM (or any supplementary documents) will be provided free of charge upon request.

## 1. ABOUT ALLIANCEBERNSTEIN INVESTMENT MANAGEMENT AUSTRALIA LIMITED

AllianceBernstein Investment Management Australia Limited (we, us, our or ABIMAL) is the responsible entity of the AllianceBernstein Managed Volatility Equities Fund and is responsible for ensuring that the MVE-Green Class is managed in accordance with the governing documents and performs the day-to-day administration.

We have appointed a related company AllianceBernstein Australia Limited (ABAL) ABN 53 095 022 718 AFSL No. 230698 as the investment manager of the MVE-Green Class. ABAL has in turn engaged AllianceBernstein L.P. to manage a portion of the MVE-Green Class' assets. We are a subsidiary of AllianceBernstein L.P. and part of the AllianceBernstein group (AB).

AllianceBernstein L.P. is a leading global investment management firm that offers high-quality research and diversified investment services to institutional investors, individuals and private wealth clients in major world markets.

As of 31 October 2018, AB managed US\$530 billion in assets for clients, including mutual funds, pension plans, superannuation schemes, charities, insurance companies, central banks, and governments.

## 2. HOW AB MANAGED VOLATILITY EQUITIES - GREEN WORKS

The Fund is a registered managed investment scheme with multiple unit classes, each unit class with different rights and obligations. We treat all investors in the same class of units equally and investors in different classes of units fairly.

We will pool the amounts invested by individual investors in a specific unit class (such as the MVE-Green Class to which this IM relates) together but separately from the amounts invested by investors in another unit class. The investment manager uses the amounts invested in a unit class (such as the MVE-Green Class) to buy assets on behalf of all investors in that unit class in accordance with the relevant investment strategy. The total value of the MVE-Green Class is divided into units. The MVE-Green Class is governed by the Fund's constitution. The constitution sets out the rules and procedures under which the Fund including the MVE-Green Class must operate.

When you invest you will be issued with units in the MVE-Green Class. The units issued to you represent your beneficial interest in the assets of the MVE-Green Class as a whole. You do not have an entitlement to any particular asset of the Fund or the MVE-Green Class. We will calculate a price for your units (unit price) and keep a record of the units you have acquired. Unit prices are calculated in accordance with the constitution and our unit pricing policies. Any discretion used to calculate a unit price is exercised in line with our unit pricing policies. A copy of our discretionary pricing policy is available upon request free of charge. Your unit prices will rise or fall as the market value of the MVE-Green Class' assets rise or fall. You can increase your units by making additional investments or reinvesting income distributions and decrease your units by making withdrawals.

### UNIT PRICES

A unit price is usually calculated every business day. A business day means a day on which banks are open for business in Sydney, except a Saturday, Sunday or public holiday. The unit price for the MVE-Green Class for a business day is calculated as that day's market value of assets less accrued expenses and other liabilities divided by the number of units on issue.

MVE-Green Class application and withdrawal prices are determined by adding to, or subtracting from the unit price our estimate of transaction costs, commonly called the buy/sell spread. Please refer to section 5 "Additional explanation of fees and costs" for further information on the buy/sell spread.

### INVESTING

Persons who are Qualified Investors may apply to invest in the MVE-Green Class (see page 1 of this IM for the definition of "Qualified Investor"). To invest in the MVE-Green Class you will need to send us a completed Application Form, together with other documents requested (such as satisfactory identification) and pay your investment amount.

Provided you continue to be a Qualified Investor you may add to your investment at any time by sending us a new Application Form or your written instructions and pay your additional investment amount.

#### The following minimum investment amounts apply

Minimum initial investment	\$500,000
Minimum additional investment	\$25,000

We have the discretion to accept lower amounts, change the minimums that apply and reserve the right not to accept an application for any reason.

Please see section 7 "How to apply" for more information.

### WITHDRAWING

You can withdraw all or part of your investment by sending us a completed Withdrawal Request Form or a written notice of withdrawal. You can send withdrawal requests by mail, courier or fax. Your written withdrawal request must include:

- + the name of your investment - AB Managed Volatility Equities - Green;
- + your account number;
- + the value or number of units to be withdrawn;
- + if you have not already provided your bank account for payment of withdrawals, please include details of your account with an Australian bank or financial institution. Accounts provided must be in your name as payments will not be made to third party accounts; and
- + your contact details should we need to contact you about your withdrawal.

You or your authorised nominee must sign all withdrawal requests.

Withdrawal requests may be sent by mail, courier or fax and must be received by us at:

- + AllianceBernstein Investment Management Australia Limited C/- State Street Australia Limited  
Attention: Unit Registry  
Level 14, 420 George Street Sydney NSW 2000; or
- + (02) 9323 6411.

We may change the place at which withdrawals are to be received and the withdrawal cut-off time.

Please contact us on (02) 9255 1299 or by email on [aust\\_clientservice@alliancebernstein.com](mailto:aust_clientservice@alliancebernstein.com) with any queries.

By transacting via fax you will be taken to have agreed to and be subject to the terms and conditions set out in the Application Form.

Withdrawal proceeds will normally be paid to your Australian bank account within 10 business days following the date of receipt of a valid withdrawal request. However, the constitution allows us up to 21 days to pay withdrawal requests, unless withdrawals are suspended in accordance with the constitution. In addition, large withdrawal requests of more than 5% of the Fund may be redeemed and paid in separate amounts over a period of up to 30 days.

A withdrawal request may not be cancelled without our consent.

We have the power to redeem compulsorily your units in certain circumstances. This includes but is not limited to where you cease to be a Qualified Investor (see page 1 of this IM for the definition of "Qualified Investor" and page 5 of this IM for details on Compulsory redemption risk) or, if you hold less than the minimum holding (currently \$500,000).

#### RESTRICTIONS ON WITHDRAWALS

In certain circumstances you may not be able to withdraw your investment within the usual time period upon request.

We may suspend or freeze withdrawals where we believe it would not be in the best interests of investors taken as a whole to sell sufficient assets to satisfy a withdrawal request due to circumstances out of our control (such as market closures, trading restrictions, a moratorium is declared in a country in which assets of the Fund are located or held, asset sales cannot be effected at prices consistent with an orderly market, or assets cannot be redeemed) or the Fund has become illiquid per the Corporations Act.

Whilst it is our intention to manage the Fund so that it is "liquid" for the purposes of the Corporations Act, if the Fund should become illiquid, withdrawals may only be made in accordance with the procedures in the Corporations Act. This means that you will only have a right to redeem when we make an offer to all investors to redeem a certain amount.

#### HOW YOUR TRANSACTION IS PROCESSED

The cut-off time for the receipt of application and withdrawal requests is 2pm each business day. Validly completed application and withdrawal requests received before the 2pm cut-off on a business

day will normally be processed using the application or withdrawal price applicable for that business day. Since market values are not available until after the end of the business day when the markets have closed, the MVE-Green Class application and withdrawal prices are calculated up to two business days later.

Valid application and withdrawal requests received after the 2pm cut-off will normally be processed for the next business day.

#### DISTRIBUTIONS

The MVE-Green Class normally distributes quarterly at 30 September, 31 December, 31 March and 30 June. However, we have the discretion to change the distribution frequency and to make additional distributions during any interim period out of income or capital.

Distribution amounts are not guaranteed and will vary between distribution periods and from year to year. The distribution amount you receive will depend on the units you hold at the end of a distribution period. Distributions are usually calculated based on the MVE-Green Class' net taxable income which may include taxable net capital gains divided by the units on issue. Where we consider it appropriate we may:

- + distribute amounts exceeding net taxable income;
- + pay a percentage of the MVE-Green Class total return for a period;
- + withhold components of net taxable income; and
- + declare extra distributions in circumstances when we believe it to be in the best interests of investors taken as a whole to do so, for example during periods of receipt of high volumes of withdrawal requests or after receipt of a large withdrawal request but before commencing to satisfy the large withdrawal request.

Unit prices may fall after the end of each distribution period because the distribution amounts payable to investors reduce the MVE-Green Class' assets.

You can choose to have distributions reinvested into additional units or paid in cash directly into your account with an Australian bank or financial institution. If you do not choose cash, we will automatically reinvest your distributions. Distributions are usually paid within 14 business days of the end of the distribution period.

### 3. HOW WE INVEST YOUR MONEY

AB Managed Volatility Equities - Green	
<b>MVE-Green Class description</b>	<p>The MVE-Green Class is designed for equity investors seeking:</p> <ul style="list-style-type: none"> <li>+ lower volatility;</li> <li>+ reduced downside risk in falling equity markets;</li> <li>+ the potential for long term capital growth and some income, including franked Australian dividend income; and</li> <li>+ an investment which aims to reduce net greenhouse gas emissions associated with its portfolio holdings.</li> </ul> <p>The MVE-Green Class invests mainly in Australian Securities Exchange (ASX) listed shares with up to 20% of its assets in global developed market shares and has the ability to hold up to 20% in cash, for example as a short term defensive measure at times of heightened equity market volatility.</p> <p>The MVE-Green Class implements an investment strategy comprising three main elements:</p> <ul style="list-style-type: none"> <li>+ a managed volatility equities strategy that aims to reduce volatility by identifying, and investing in, high quality listed equity securities that have reasonable valuations, high quality cash flows and relatively stable share prices;</li> <li>+ includes an estimated cost of greenhouse gas emissions associated with the companies in its investment universe when forming its investment decisions;</li> <li>+ seeks to reduce the net greenhouse gas emissions associated with the portfolio holdings by engaging third parties to facilitate the cancellation or retirement of carbon credits (certified by applicable regulators and/or accreditation bodies as determined by us). This will generally be done on a quarterly basis though may be implemented at other frequencies at our discretion.</li> </ul> <p>The MVE-Green Class does not always hedge the foreign currency exposures of its global equity assets to Australian dollars but the investment manager has the discretion to determine the extent to which any foreign currency exposure is reduced or removed. For example, the investment manager may decide not to remove a foreign currency exposure if it believes it offers defensive characteristics which would assist in lowering the volatility of the MVE-Green Class.</p> <p>The MVE-Green Class may also invest in preference shares, rights, convertibles, warrants, securities we reasonably expect to be listed within six months including initial public offerings, listed trusts and/or other synthetic foreign equity securities.</p> <p>Derivatives may be used to manage risks, invest cash, manage volatility and gain or reduce investment exposures or to engage third parties to facilitate the cancellation or retirement of carbon credits. Derivatives will not be used for leveraging or gearing purposes.</p>
<b>Asset classes and asset allocation ranges</b>	<p>The following asset allocations are the expected ranges over the medium to long term but they can be exceeded over the short term:</p> <p>Australian Shares 60%-100% Global Shares 0%-20% Cash 0%-20%</p>
<b>Investment return objective</b>	<p>The MVE-Green Class aims to achieve returns that exceed the S&amp;P/ASX 300 Accumulation Index after fees over the medium to long term and to reduce net greenhouse gas emissions associated with its portfolio holdings. There is no guarantee that the MVE-Green Class will achieve this objective or produce any returns.</p>
<b>Risk level</b>	<p>High. The MVE-Green Class aims to produce higher returns and therefore carries a higher level of risk than an investment that aims to produce more modest returns.</p>
<b>Switching</b>	<p>The MVE-Green Class only has one investment option. Switching is not available.</p>
<b>Labour, environmental, social and ethical standards</b>	<p>Environmental, social, and governance (including ethical and labour) ("ESG") factors can impact performance. As a result, ESG factors are integrated into our investment process in order to identify investment risks and opportunities. These factors are a component of our research process that help to inform whether we invest in, continue to hold or sell any particular security.</p> <p>In addition to our activities that seek to reduce net greenhouse gas emissions, we exclude the tobacco industry sector companies (MSCI GICS industry 302030), coal &amp; consumable fuels sub-industry sector companies (MSCI GICS sub-industry 10102050), investments in entities directly involved in the manufacture of cluster munitions or controversial weapons, and investments in entities directly involved in nuclear power generation. Apart from the above exclusions, we do not have a predetermined list of securities or industry sectors in which we will not invest. Instead we consider these factors, as we become aware of them and on a case by case basis, in our investment decisions. ESG factors also form part of our engagement with issuers and are considered when exercising voting rights. We are a signatory to the United Nations supported Principles for Responsible Investment.</p> <p>There is no universally accepted approach to or definition of "green investing" in an ESG context and a range of approaches are possible. We integrate specific criteria into our investment process and will enter agreements that seek to reduce the net greenhouse gas emissions associated with the portfolio's investments. As a result, you may not consider some portfolio holdings "green investments".</p>
<b>Changes to MVE-Green Class details</b>	<p>The statements in this section are current at the date of this IM. We have the right to make changes to the MVE-Green Class from time to time. We will notify you of any changes as required by the Corporations Act or the constitution.</p>

#### 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk and different investment strategies may carry different levels of risk depending on the assets held. Generally, assets with the highest long-term returns may also carry the highest levels of risk.

The value of your investment in the MVE-Green Class and its investment returns will vary up or down as the value of the MVE-Green Class' investments vary and future returns may differ from past returns. The returns of the MVE-Green Class are not guaranteed and you could receive back less than you initially invested. Laws affecting managed investment schemes may change in the future. Your appropriate level of risk will vary depending on a number of factors including your age, investment time frames, where other parts of your wealth are invested and your overall financial circumstances and tolerance to risk.

We aim to minimise some of the MVE-Green Class' risks by investing in accordance with the MVE-Green Class' investment strategy, monitoring the MVE-Green Class and acting in your best interests. However, risk cannot be eliminated so it's important that you consider your appropriate level of risk before making a decision.

The significant risks of investing in the MVE-Green Class are typical for a fund that invests in Australian and global equity securities. These risks include:

##### **Market risk**

Market risk is the potential for loss due to a decline in the investment markets and the decline in market prices for an asset. Factors that can affect investment markets include economic cycles, investor demand levels, business confidence, interest rates, low liquidity, government regulations and policies.

##### **Individual investment risk**

This is the risk associated with an individual investment held in the MVE-Green Class. The value of your investment in the MVE-Green Class is dependent on the performance of the individual investments held by the MVE-Green Class. The values of individual assets can vary up or down for many reasons including but not limited to changes in a company's financial or operating circumstances.

##### **Foreign investments risk**

Assets issued by foreign governments and foreign companies are generally denominated in foreign currencies. This involves certain risks not typically associated with investing in Australian assets. These risks include changes in exchange rates and exchange control regulations; geopolitical and social instability; expropriation; imposition of foreign taxes; less liquid markets; less available information than is generally the case in Australia; higher transaction costs; less government supervision of exchanges, brokers and issuers; difficulty in enforcing contractual obligations; lack of uniform accounting and auditing standards; and greater price volatility. The MVE-Green Class does not always hedge the risk associated with exchange rate changes but the investment manager has the discretion to determine the extent to which any foreign currency exposure is reduced or removed. The MVE-Green Class uses foreign currency forward contracts in its currency hedging activities. The costs associated with hedging the MVE-Green Class' currency risk will be borne by the MVE-Green Class, and there is no guarantee that the MVE-Green Class' currency exposure will be hedged.

##### **Carbon Offsetting risk**

The MVE-Green Class will enter into arrangements with third parties to have carbon credits cancelled or retired. A carbon offset (also known as a carbon credit) is an undertaking which is intended to prevent, reduce or remove greenhouse gas emissions from being generated or released into the atmosphere to compensate (or offset) for emissions occurring elsewhere. We will use third party and internally generated information to estimate the greenhouse gas emissions associated with the MVE-Green Class' holdings and the costs associated with offsetting these greenhouse gas emissions. There is a risk that net greenhouse gas emissions associated with the MVE-Green Class' holdings are not offset or reduced. This could be due to various reasons including but not limited to potential inaccuracies or omissions in the data or models we use to estimate greenhouse gas emissions, a failure by an appointed third party service provider, ineffective or incomplete carbon abatement from projects tied to carbon credits, insufficient supply of carbon credits in the market, or the cost to reduce greenhouse gas emissions rise to the extent that offsetting greenhouse gas emissions is no longer viable. There is no guarantee that the net greenhouse gas emissions of the MVE-Green Class' investment activities will always be offset or reduced.

##### **Derivatives risk**

The MVE-Green Class may use derivatives as an alternative to direct purchases of assets or to manage exposures and risks. The MVE-Green Class may also enter into derivative arrangements with third parties for the cancellation or retirement of carbon credits. Derivatives also create additional risks such as default risk or the possibility that the derivative position is difficult or costly to reverse or that it does not perform as expected. Some transactions may give rise to a form of leverage, which creates the opportunity for greater returns and also magnifies potential losses.

##### **Liquidity risk**

Liquidity risk is the risk that assets cannot be sold at all or quickly enough to avoid or minimise a loss. A lack of liquidity may also affect the amount of time it takes for us to satisfy withdrawal requests. There is no secondary market for the resale of units in the MVE-Green Class and none is expected to develop. While you may submit withdrawal requests, if we were to receive one or more withdrawal requests, we might be unable to liquidate sufficient MVE-Green Class assets to meet such withdrawals and we might exercise our discretion to suspend withdrawals.

Where the Fund is illiquid for the purpose of the Corporations Act, withdrawals may only be made in accordance with the procedures in the Corporations Act. This means that you will only have a right to redeem when we make an offer to all investors in the Fund to redeem a certain amount. Accordingly, investments in the MVE-Green Class within the Fund should be considered only by investors who determine that the investment will not interfere with their liquidity requirements.

##### **Compulsory redemption risk**

Under the constitution, we have the power to redeem your MVE-Green Class units compulsorily without receiving a redemption request from you. If you cease to be a Qualified Investor for any reason (see page 1 of this IM for the definition of a "Qualified Investor") or if we determine to close the MVE-Green Class if it fails to reach reasonable scale we will redeem all of your units without you giving us a redemption

request and you will receive your redemption proceeds and cease to hold an investment in the MVE-Green Class.

### Fund/Class risk

Fund risk includes the possibility that the Fund and the MVE-Green Class could be suspended, terminated or there are changes to rules, features, fees and costs, parties (such as its responsible entity and investment manager) and laws (including taxation laws) applicable to registered managed investment schemes. There is also a risk that investing in the MVE-Green Class may give different results than investing directly. This is because your money is pooled with other investors and their applications and withdrawals together with our investment decisions may impact your entitlements to taxable income and capital. For example, the MVE-Green Class may or may not participate in share buy-backs and depending on your particular circumstances, this may or may not benefit you.

## 5. FEES AND COSTS

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the MVE-Green Class assets as a whole.

You should read all information about fees and costs because it's important to understand their impact on your investment.

Type of fee or cost	Amount
<b>Fees when your money moves in or out of the MVE-Green Class</b>	
Establishment fee:	Nil
Contribution fee:	Nil
Withdrawal fee:	Nil
Termination fee:	Nil
<b>Management costs</b>	
Management fee—The fees and costs for managing your investment	0.35%* of the net asset value of the MVE-Green Class
Plus the estimated cost of reducing greenhouse gases ("carbon credit cost")	0.08% - 0.20% of the net asset value of the MVE-Green Class
Total Management Costs	0.43% - 0.55% of the net asset value of the MVE-Green Class

\*The amount of this fee may be individually negotiated. Please refer to Additional Explanation of Fees and Costs for more information about individually negotiated fees.

All fees shown are inclusive of GST and net of any applicable Reduced Input Tax Credits (RITC).

### ADDITIONAL EXPLANATION OF FEES AND COSTS

#### Management fees

Under the constitution we are entitled to charge a management fee of up to a maximum of 3% per annum (exclusive of GST). We agree to waive part of this fee until further notice such that the total amount paid out of the MVE-Green Class for its management fee is 0.35% per annum. The 0.35% Management fee includes our fees, custody fees, administration costs audit and tax adviser fees but excludes transactional and operational costs, abnormal costs and the carbon credit cost. In addition to the management fees the MVE-Green Class will also incur an estimated carbon credit cost of between 0.08% and 0.20% per annum of the net asset value of the MVE-Green Class.

The MVE-Green Class may also incur abnormal expenses such as, but not limited to, the cost of holding investor meetings, defending legal

actions or terminating the MVE-Green Class. Abnormal expenses will not be paid out of the management fees shown in the table above.

Abnormal expenses (if incurred) will have the effect of increasing the amount of management costs borne by you.

The Management fees are accrued daily and are paid monthly or quarterly in arrears from the assets of the MVE-Green Class and are reflected in the unit price. We will estimate the daily carbon credit cost at least each calendar quarter and will accrue this estimate in the daily unit price. The MVE-Green Class will usually pay the carbon credit costs quarterly in arrears from the assets of the MVE-Green Class and is therefore an additional cost to you and will reduce your returns.

#### Transactional and operational costs

The MVE-Green Class will also incur transactional and operational (transaction) costs, including but not necessarily limited to brokerage, settlement costs, stamp duties, buy/sell spreads and clearing fees when you invest in or withdraw from the MVE-Green Class and when we buy and sell its assets or settle its transactions. The MVE-Green Class' transaction costs are paid out of the MVE-Green Class' assets upon invoice so reduce your unit value and are, therefore, an additional cost to you.

You compensate the MVE-Green Class for the transaction costs which are incurred or which would be incurred when buying or selling assets to satisfy your application or withdrawal request via a buy/sell spread. The buy/sell spread added to and subtracted from the unit price is our estimate of transaction costs incurred or which would be incurred to buy or sell assets for the issue or withdrawal of units. The buy/sell spread is retained in the MVE-Green Class, does not accrue to us or any of our associates as a fee and it is necessary so that the interests of other investors are not diluted by those transaction costs.

On application the current buy spread added to the unit price is 0.25% of the unit price and upon withdrawal the current sell spread deducted from the unit price is 0.25% of the unit price. There is no buy/sell spread on income distributions reinvested.

The buy/sell spread may change if our estimate of transaction costs changes where:

- + the price of transaction costs changes; or
- + an investor applies with assets instead of cash or an investor receives assets upon withdrawal instead of cash; or
- + there are simultaneous application and withdrawal of requests by different investors.

#### Differential fees

As permitted by the Corporations Act and ASIC relief we may individually negotiate a reduced management fee with certain individuals, such as, wholesale clients, as defined under the Corporations Act. Please contact us on (02) 9255 1299 or by email on [aust\\_clientservice@alliancebernstein.com](mailto:aust_clientservice@alliancebernstein.com) for more information.

#### Goods and Services Tax (GST)

Unless otherwise noted all fees shown are inclusive of GST and net of any applicable Input Tax Credits (ITCs) and Reduced Input Tax Credits (RITCs).

GST is usually payable on most expenses, such as fees payable to us and our service providers. Given the nature of the activities of

the MVE-Green Class, it may be able to claim ITCs and/or RITCs (effectively a refund) of either 55% or 75% of the GST paid on certain expenses.

Therefore, the GST paid, net of any ITCs and/or RITCs received, will be deducted from the MVE-Green Class's assets and will be reflected in the unit prices. If the GST rate changes or if the applicable RITC rates change, we may recoup the extra amount from the MVE-Green Class.

It is recommended that investors seek professional advice as to the impact, if any, of GST on their investments.

#### **Changes in fees and costs**

All fees and costs are current at the date of this IM and are subject to change without your consent. If we increase the fees and costs we will give you 30 days prior written notice. Fees and costs may change for many reasons including but not limited to an increase or decrease in the MVE-Green Class' administrative, custody or investment management costs. Any changes to the fees will be in accordance with the constitution.

#### **6. HOW MANAGED INVESTMENT SCHEMES ARE TAXED**

**Investing in a registered managed investment scheme is likely to have tax consequences. The following taxation information is general only and should not be treated as providing a definitive explanation of all tax issues associated with investing in the MVE-Green Class. Income tax laws are complex and subject to continual change by the legislators and in their interpretation by the courts. The tax treatment of managed investment schemes is currently undergoing significant tax reform. We strongly advise you to seek professional tax advice before investing in the MVE-Green Class.**

The MVE-Green Class is a class of the Fund which is an Australian resident trust estate for tax purposes. The Fund has made an election to be treated as an Attribution Managed Investment Trust (AMIT). The AMIT regime allows an AMIT (such as the Fund) with multiple classes of units to make an election to treat each class (such as the MVE-Green Class) as a separate trust for taxation purposes. It is intended that the Fund will make this election. On the basis that all of the trust components of each class (including the MVE-Green Class) are attributed on a fair and reasonable basis to the investors of each class (see further below), each class of the Fund should be taxed as separate flow through trusts. This means that investors should be taxed on their attributed trust components and the Fund (including the MVE-Green Class) should not be subject to Australian income tax.

Eligible managed investment trusts (MITs) may make an irrevocable election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts). The Fund has made the election to be on capital account. Therefore, subject to the Fund continuing to meet the eligibility requirements to be a MIT, gains and losses on eligible investments will be treated on capital account.

In the case where the MVE-Green Class makes a loss for tax purposes, it cannot distribute the loss to investors nor offset the loss against income of another class of the Fund. However, subject to the MVE-Green Class satisfying certain requirements (in respect of revenue losses), it may be able to carry forward the loss to offset against income or capital gains (as appropriate) of the class in subsequent years.

Where the AMIT eligibility requirements are not satisfied for a given income year, the tax outcomes for investors may differ to those set out above. The Fund may be treated for tax purposes as an ordinary unit trust (i.e. rather than each class of the Fund being a separate trust for tax purposes) and investors may be subject to tax on their share of the net taxable income of the Fund in proportion to the share of income to which they are presently entitled.

#### **New taxation system for attribution managed investment trusts**

As the Fund has made an election to be treated as an AMIT and will be making the multi-class AMIT election, the taxable income components of each class of units will be attributed to investors on a "fair and reasonable" basis, rather than being allocated proportionately based on each investor's present entitlement to the income of the trust.

AMITs also enjoy other benefits including:

- + deemed fixed trust treatment;
- + codified "unders and overs" rules;
- + upward cost base adjustments where the cash distribution is less than the taxable income attributed to the investor (after adjusting for certain items such as tax credits that are included in assessable income), to mitigate potential double taxation; and
- + stream capital gains and income entitlements arising from large redemptions to exiting investors.

For unit classes within a multi-class AMIT that have separately identified assets, any transfer of assets between classes may have tax implications on the basis that each class is deemed to be a separate AMIT for tax purposes.

#### **Quoting your Tax File Numbers (TFN) and Australian Business Numbers (ABN)**

Investors may quote their TFN (or ABN if units are held in the course or furtherance of an enterprise) in relation to their investment in the MVE-Green Class. It is important to be aware that although it is not an offence to fail to quote a TFN or ABN, in the event that we are not notified of a TFN, ABN or exemption, tax must be deducted from distributions at the highest marginal rate, plus Medicare Levy.

#### **Distributions from the MVE-Green Class**

Investors in the MVE-Green Class will be subject to tax on their attributed trust components under the AMIT regime.

Your liability for tax in respect of the income of the MVE-Green class is determined by reference to the financial year in respect of which the income is attributed, even though it may not have been received in that year or income is reinvested.

The income attributed to investors of the MVE-Green Class may include "other non-attributed" amounts and capital gains, as well as tax offsets.

Tax offsets may include franking credits attached to Australian dividend income or credits for foreign tax paid on foreign income. A tax offset for the credits may be available in calculating your tax liability, depending on your specific circumstances.

Excess franking credits may be refundable to resident individuals and complying superannuation entities. You should determine your eligibility to claim the benefit of these credits based on your individual circumstances.

For investors holding their units in the MVE-Green Class on capital account, other non-attributable amounts are generally not subject to tax, but may reduce the cost base of your units for capital gains tax purposes. Examples of other non-attributable amounts include return of capital amounts as well as amounts attributable to deductions for building allowance and capital allowances.

Capital gains attributed by the MVE-Green Class should be eligible to benefit from the discount available for assets held for 12 months or more, as outlined below under "Disposal of your investment". To the extent that a trust component attributed by the MVE-Green Class includes a discount capital gain concession, and the investor holds their units on capital account, the amount is not assessable income. In some circumstances, such amounts may require an adjustment to the cost base of your investment. Investors that are companies and complying superannuation entities may not receive the full benefit of the discount capital gain concession (whether distributed or not). This is because companies are not entitled to the discount concession and the discount concession rate applying to complying superannuation entities is lower than that which applies to trusts and individuals (refer to "Disposal of your investment" below).

Details of the tax components of your attributed trust components as well as any upward or downward cost base adjustments will be advised in an AMIT Member Annual (AMMA) statement.

### **Disposal of your investment**

You may also be liable to pay tax on gains realised on the disposal of your units in the MVE-Green Class.

Investors holding their units in the MVE-Green Class on capital account may be eligible for the capital gains discount of one half for individuals and trusts or one third for complying superannuation entities, where the units have been held for 12 months or more and other conditions are satisfied. Companies are not eligible for the capital gains discount.

For investors acquiring units in the MVE-Green Class as part of a business of trading or investing in securities or for the purpose of profit making by sale, any profits may be taxed as ordinary income rather than as capital gains.

On redemption of your units in the MVE-Green class, your redemption proceeds may also include capital gains arising to the MVE-Green Class as a result of the disposal of assets to fund the redemption. Any such capital gains attributed to you should be included in your assessable income for that year.

### **Investors subject to TOFA fair value or financial reports elections**

The taxation of financial arrangements (TOFA) provisions may apply to some investors. However, units in a trust are generally excluded from TOFA unless the investor has made a fair value election or an election to rely on financial reports. For investors that are subject to TOFA and have made either the fair value or financial reports election, the tax implications of holding units in the MVE-Green Class will differ to those set out above. As the TOFA provisions are complex, it is recommended that investors seek their own professional advice, specific to their own circumstances, should TOFA apply to them.

### **Taxation of non-resident investors**

Australian tax will be deducted, at appropriate rates, from distributions or amounts attributed to non-resident investors of Australian sourced income and certain capital gains. Non-resident investors will be

exempt from tax on income to the extent it comprises capital gains arising from the disposal by the MVE-Green Class of assets that do not constitute taxable Australian real property. A non-resident investor will generally not be subject to Australian Capital Gains Tax on disposal of their units in the MVE-Green Class, on the basis that MVE-Green Class (or the Fund) is not expected to hold a majority of taxable Australian real property. Any purchaser of units in the MVE-Green Class should also consider the potential application of foreign resident Capital Gains Tax withholding tax rules.

If a non-resident investor holds their units in the MVE-Green Class on revenue account, any profit on disposal of the units may be subject to Australian tax as ordinary income, subject to any available treaty relief.

### **Goods and Services Tax (GST)**

No GST is payable on the application or withdrawal of your units.

### **Global Information Reporting**

Australian financial institutions have obligations under certain global information reporting regimes such as the United States (US) Foreign Account Tax Compliance Act (FATCA) and the Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard. Accordingly, we may request that investors and prospective investors provide certain information in order to meet its information gathering and reporting obligations under these reporting regimes and avoid, in some circumstances, US withholding tax of 30% (on certain United States income or gross proceeds from the sale of United States securities).

It is not expected that the MVE-Green Class will be subject to FATCA withholding taxes.

## **7. HOW TO APPLY**

To invest in the MVE-Green Class you will need to be a Qualified Investor (see page 1 of this IM for the definition of a "Qualified Investor"). Initial applications for the MVE-Green Class investment can only be made by you:

- + sending us a completed Application Form together with other documents requested (such as satisfactory identification) by mail, courier or fax; and
- + paying us your investment amount.

An Application Form is available by contacting us on (02) 9255 1299 or by email on [aust\\_clientservice@alliancebernstein.com](mailto:aust_clientservice@alliancebernstein.com).

You can make additional investments and add to your investment by sending us a new Application Form or your written additional application request and making your payment. Your written additional application request should set out:

- + the name of your investment - AB Managed Volatility Equities - Green;
- + your account name and number;
- + your additional investment amount;
- + the date and method of your payment; and
- + your contact details should we need to contact you about your application.

All application forms must be appropriately signed.



Valid applications comprising a completed application form together with any other documents or information requested such as satisfactory identification received by 2pm (Sydney time) on a business day will normally be processed using the application price for that business day. Applications received after the 2pm cut-off will normally be processed for the next business day.

We must comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. This means we must collect and verify information such as your identity and the source of payment of the application monies, prior to us issuing or redeeming units in the MVE-Green Class.

We must also collect and verify information relating to your tax residency, tax status and tax identity numbers, and in some cases, information relating to any of your "controlling persons", for the purposes of compliance with Australian legislation which applies the US Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard (CRS). The information will be provided to the Australian Tax Office who will exchange the information with the tax authorities of the US (if you are a US person) and the CRS participating jurisdictions. If you do not provide the information to us, we will not be able to process your application.

We will not accept your application request, withdrawal request or issue units unless our AML/CTF, FATCA and CRS checks have been completed to our satisfaction. We may reject any application in part or whole at our absolute discretion and need not provide any reason for doing so.

To ensure that your application or withdrawal requests are processed efficiently and not delayed or unreasonably rejected it is important that you properly complete application and withdrawal forms, immediately pay your investment amount and provide all documents and information, including satisfactory identification that we request. We will not be liable to any prospective investor for any losses incurred caused by the delay in accepting, processing or the rejection of an application or withdrawal request.

Where your application is accepted, a transaction confirmation note will be sent to you confirming the date of your application, number of units issued and your application price. No unit certificates will be issued.

Any interest earned on an applications account will be paid into the MVE-Green Class and will not be paid to an investor.

#### **Where to send your applications**

Application forms and any other documents or information requested can be sent by mail, courier or fax and must be received by us at:

- + AllianceBernstein Investment Management Australia Limited  
C/-State Street Australia Limited  
Attention: Unit Registry  
Level 14, 420 George Street Sydney NSW 2000; or
- + (02) 9323 6411

Where application forms are sent by fax, the original signed application form should also be sent to us at the above address. We or our duly appointed agents will not be responsible to an investor for any loss resulting from the non-receipt or illegibility of any document such as an application, withdrawal or other request or for any loss caused in respect of any action taken as a consequence of such document (including a fax) believed in good faith to have originated

from properly authorised persons.

We may change the place at which applications are to be received and the application cut-off time.

#### **How to pay for your investment**

Application monies must be paid to the Custodian and Administrator via cheque, direct credit, RTGS, Austraclear or SWIFT. Please indicate the selected method of payment on your application form.

Please contact us on (02) 9255 1299 or by email on [aust\\_clientservice@alliancebernstein.com](mailto:aust_clientservice@alliancebernstein.com) with any queries.

#### **Complaints**

We have established procedures for dealing with complaints. You can contact us during business hours on (02) 9255 1299 or write to the Complaints Officer, AllianceBernstein Investment Management Australia Limited at [ComplaintsAustralia@alliancebernstein.com](mailto:ComplaintsAustralia@alliancebernstein.com). A copy of our complaints policy is available at [www.alliancebernstein.com.au](http://www.alliancebernstein.com.au) or by contacting the Complaints Officer. The Complaints Officer will use reasonable endeavours to deal with and resolve the complaint within a reasonable time and in any case within 45 days. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority

GPO Box 3, Melbourne VIC 3001

## **8. OTHER INFORMATION**

### **The Fund's Constitution**

The MVE-Green Class is governed by the Fund's constitution. The constitution binds the responsible entity and investors and sets out the rules and procedures under which the Fund including the MVE-Green Class must operate. The constitution includes provisions dealing with:

- + the duration of the Fund including terminations;
- + our duties and obligations as responsible entity (and their delegation);
- + our powers as the responsible entity (which are wide ranging and include the power to borrow);
- + the power to offer different classes (identical rights attach to all units within a class, however the rights and obligations attaching to different classes may vary);
- + our fees and reimbursement of expenses;
- + the limitation of our liability and indemnification;
- + unitholder meetings;
- + the method by which complaints are dealt with;
- + the calculation, entitlement to and distribution of income, including streaming taxable income to exiting investors, when applicable;

- + the calculation of unit application and withdrawal prices and related mechanisms;
- + the right to compulsorily redeem your units;
- + power to demand information from investors or prospective investors; and
- + the right to refuse to register a transfer of units.

We may amend the constitution at any time if the amendments are not adverse to your rights. Otherwise, your approval by special resolution must be obtained at a meeting of unitholders. We may convene a meeting of unitholders at any time. Meetings may be called to approve certain amendments to the constitution or to wind up the Fund. Unitholders have the right to vote at any unitholder meeting. A resolution passed at a meeting of unitholders held in accordance with the constitution binds all unitholders.

We are not liable to unitholders in contract, tort or otherwise, except to the extent that the Corporations Act imposes the liability. We are not responsible to any third party except to the extent that we can be indemnified out of assets of the Fund.

A unit in the MVE-Green Class confers on a unitholder a beneficial interest in the assets of the Fund, but not an entitlement or interest in any particular part of the Fund or any asset.

The constitution limits the liability of each unitholder to their investment in the Fund. Generally, a unitholder is not required to indemnify us or a creditor of ours against any liability of ours in respect of the Fund or the MVE-Green Class. This may not apply in all circumstances. In addition, no complete assurance can be given in this regard, as the ultimate liability of a unitholder has not been finally determined by the courts.

A copy of the constitution is available free of charge upon request.

### **Information about your investment**

To help you understand your investment MVE-Green Class investors will receive:

- + transaction statements confirming your investments and withdrawals;
- + distribution statements confirming your income distributions received;
- + an annual tax statement to assist you in completing your tax return;
- + an annual statement confirming all your investments, withdrawals and your fees and costs paid for the year; and
- + annual reports (you may elect not to receive these).

If the Fund becomes a disclosing entity under the Corporations Act, it will be subject to additional regular reporting and continuous disclosure obligations. The required documents such as annual and half yearly financial reports and continuous disclosure notices will be lodged with ASIC and made available on our website at [www.alliancebernstein.com.au](http://www.alliancebernstein.com.au).

### **Compliance Plan**

We have prepared a Compliance Plan for the Fund. The Compliance Plan is lodged with ASIC and sets out the procedures, systems and controls used by us, to ensure compliance with the Corporations Act and the constitution. The plans are audited annually by the

Compliance Plan's auditor. Any breaches are reported to the Compliance Committee and in some cases to ASIC.

### **Compliance Committee**

We have established a Compliance Committee with a majority of independent members. The Compliance Committee monitors and reports to our board in relation to the responsible entity's compliance with the Corporations Act and the Compliance Plan.

An important responsibility of the Compliance Committee is to report to ASIC if it is of the opinion that we have not taken, or do not propose to take, appropriate action to deal with, and rectify, any breaches detected.

### **Proxy voting**

We have a principles based proxy voting policy that requires us to vote our investment securities in a timely manner and make voting decisions that are intended to maximise long-term investor value. We assess each proxy proposal in light of those principles with a view to maximise long-term investment value.

### **Class actions**

The MVE-Green Class may participate in class actions in respect to securities held in the MVE-Green Class. The likelihood of success of class actions is highly uncertain because it is not usually possible to determine if a class action will be successful and if successful when the proceeds will be paid and for how much. Therefore, the MVE-Green Class does not take into account potential proceeds of class actions until the class action has been settled and settlement proceeds received. This means any investor redeeming from the MVE-Green Class before settlement proceeds are received will not benefit from a successful class action because we may not remediate prior investors.

### **Conflicts**

Conflicts are minimised by the structure of our business. We do not take market positions on behalf of AB. The services of related entities, including the services of affiliated brokers, may be used. Related entity activities are contracted on an arm's length commercial basis. AB's third party service providers are selected, assessed and contracted on an arm's length basis.

Directors and employees of AB may, from time to time, invest in and hold units in the Fund, including the MVE-Green Class or in funds issued by AB.

### **Privacy**

We are committed to collecting and using your personal information in a way that respects your privacy, in accordance with our Privacy Policy.

By completing your application, you may be providing us personal information. We may collect your personal information for the purpose of:

- + processing and accepting your application;
- + carrying out and administering investments in the MVE-Green Class on your behalf ("Investments"), including but not limited to, monitoring, auditing, evaluating, modelling data and reporting to you in connection with your Investments;
- + offering you products or services;

- + answering queries and dealing with complaints;
- + conducting our internal business operations (including meeting any relevant legal requirements); and
- + managing client relationships and improving the products and services we provide.

If you do not provide the information requested in the application form, or if the information you provide us is incomplete or inaccurate, we may be delayed in, or prevented from, processing or accepting your application. We may also be delayed in or prevented from providing to you any products or services, administering your Investments, providing information to you or otherwise meeting our obligations to you.

We may disclose your personal information:

- + internally to our staff;
- + to our related bodies corporate;
- + to any person where necessary in connection with your Investments or the provision of our products or services;
- + to our professional advisers such as auditors, accountants and lawyers, insurance companies and property managers, consistent with normal business practices;
- + to third parties we may engage from time to time to assist us in the promotion of our products and services, and who may receive limited personal information for that purpose; and

- + to external service providers (on a confidential basis) so they can provide us services related to our business, for example mailing services, IT services, unit registry and custodial services as well as archival services.

AB may use your personal information for the purpose of directly marketing their products or services to you. You may withdraw your consent to the use of personal information for direct marketing at any time by contacting us.

Some of the persons or entities listed above may be located, or perform services, overseas. As a result, your personal information may be disclosed to a recipient in a foreign country. Where this happens, we will seek, by contract or other means, to reasonably ensure personal information is protected.

#### **Questions about privacy**

Our Privacy Policy is available online at [www.alliancebernstein.com.au](http://www.alliancebernstein.com.au) or as a hard copy upon request. It provides information about how you may access and seek correction of your personal information held by us as well as complain about our handling of your personal information. In particular, you can arrange for access to your personal information or lodge a complaint or question by contacting us on (02) 9255 1299 or in writing to our Privacy Officer by email on [PrivacyAustralia@alliancebernstein.com](mailto:PrivacyAustralia@alliancebernstein.com).

If your complaint is not resolved to your satisfaction, you may write to the Privacy Commissioner at GPO Box 5218, Sydney NSW 2001.