

Orca Asia Fund and Orca Global Fund Annual Tax Statement Guide 2021



1. THIS GUIDE APPLIES TO YOU IF:

- You are a resident individual investor in the Orca Asia Fund (previously, Evans & Partners Asia Fund) and/or the Orca Global Fund (previously, Evans & Partners Global Flagship Fund) for the whole income year.
- You are using the *Individual Tax Return 2021* and the *Supplementary section* of the Individual Tax Return 2021 (**Individual Supplement 2021**) to complete your income tax return for the income year ended 30 June 2021 (**2021 Tax Return**).
- You are not a company, trust or superannuation fund.
- You hold your units for the purpose of investment, rather than for resale at a profit, and the capital gains tax (CGT) provisions apply to you.

2. ORCA ASIA GLOBAL AND ORCA GLOBAL FUND 2021 ANNUAL TAX STATEMENT (Annual Tax Statement)

You will have received two Annual Tax Statement, one for the Evans & Partners Global Flagship Fund, and one for Orca Global Fund, or one for the Evans & Partners Global Fund, and one for Orca Global Fund). Each Annual Tax Statement shows the income to which you were entitled for the year ended 30 June 2021. You will need to include the amounts from both Annual Tax Statements in your 2021 Tax Return if you received both payments. Some of the income shown on your Annual Tax Statement might have been received after 30 June 2021, but your present entitlement to that income arose on 30 June and therefore must be included in your 2021 Tax Return. The total amounts shown on your distribution statements for the year ended 30 June 2021 may not equal the amounts shown on your Annual Tax Statements. Only your Annual Tax Statements should be used to complete your 2021 Tax Return.

Your Annual Tax Statement is separated into three parts.

- Summary of 2021 tax return (supplementary section) items
- Capital gains tax information
- Components of distribution

For the purposes of completing your income tax return, you must include income received from other sources together with income received from your investment in the Orca Asia Global and/or the Orca Global Fund (**Fund**).

If you received no distributions in relation to the year ending 30 June 2021, you will not receive either Annual Tax Statements.

Summary of 2021 tax return (supplementary section) items

This section provides the information required for completing the 'Supplementary Section' of the 2021 Tax Return.

There are three items you may need to complete in the 'Supplementary section' of the 2021 Tax Return in relation to the distributions you have received from your investments in the Funds. They are:

- Item 13: Partnerships and Trusts
- Item 18: Capital gains
- Item 20: Foreign source income and foreign assets or property.

Your Annual Tax Statement has been designed so that the amounts in this part of the Annual Tax Statement correspond to the amounts you are required to enter in the 'Supplementary section' of the 2021 Tax Return. Please note that if you have received any distributions from other sources you will also need to add the additional amounts to the amount entered in at the relevant label.

Your Annual Tax Statement only shows the items that are applicable to your account.

Non- primary production income

This shows your share of, relevantly, Australian interest and other Australian income. It excludes foreign income, foreign income tax offsets and net capital gains.

Credit for TFN amounts withheld

Where you have not provided your TFN or claimed a relevant exemption, income tax has been withheld from the income distributed to you by the Fund at the highest marginal tax rate (including Medicare Levy). The tax withheld should be claimed as a credit in your return. No tax will be withheld where you have provided your TFN or claimed the relevant exemption.

Total current year capital gains

The components of this item are set out in this part.

This item shows your share of the total capital gains distributed to you resulting from the disposal of assets by the Fund, before applying any CGT concession or discount. This amount includes both domestic and foreign sourced capital gains.

If you have more than one investment and your total current year capital gains are from more than one source you will need to use the amount at 18H on your Annual Tax Statement to calculate your net capital gain for 18A.

Net capital gain

This item shows your share of capital gains that were made by the Fund and distributed to you, after applying the applicable discount or concession, which is 50% for trusts.

If you have incurred capital losses you will not simply be able to transfer the net capital gain amount from part A to your tax return. Please refer to the '*Personal investors guide to capital gains tax 2021*' publication available from the ATO.

Assessable foreign source income & Other net foreign source income

The amounts shown at these items generally shows your share of the foreign dividend and interest income received from the Fund. It does not include capital gains made from a foreign source. Please refer to the capital gains sections for information on any foreign capital gains.

The amounts shown at these items will be the same unless the Fund has expenses that are applied against the assessable foreign income.

Foreign income tax offsets

This item shows your share of any foreign income tax offsets received from assessable foreign source income.

If your total foreign income tax offsets from all sources for the year is \$1,000 or less, then you can claim the total amount in full. To help you determine whether you are entitled to a foreign income tax offset please refer to the '*Guide to foreign income tax offset rules*' publication available from the ATO.

Capital gains tax information

The information in this part of your Annual Tax Statement will assist you in working out your net capital gain or loss and provides the CGT concession amount. It also includes tax-deferred amounts required to adjust the cost base and reduced cost base of your units.

Capital gains can arise from the sale of assets within the Fund. Foreign sourced capital gains are included in this section.

Capital gains – discount method

Investments disposed of that have been held for 12 months or more should be eligible for a 50% discount on the gross capital gain.¹ This is called the discounted capital gain. If you have any capital losses, these must be offset against the gross capital gain before the 50% discount is applied.

Capital gains – other method

This includes capital gains that are not discounted capital gains, for example, where assets have been held for less than 12 months.

CGT concession amount

This amount represents the non-assessable component of a discounted capital gain paid to you. This should not form part of your tax return.

¹ Note that the 50% discount is also available for trusts and a 33/1/3% discount is available for complying superannuation funds.

Tax deferred amounts

The tax deferred distributions from the Fund are not immediately assessable to you but will (unless it relates to the distribution of a CGT concession amount) reduce the CGT cost base of the units in the Fund held by you. Tax deferred income can arise if a return of capital is made (i.e a payment of capital from the Fund).

Once the sum of tax deferred distributions received in respect of your units reduce your CGT cost base in those units to nil, any additional tax deferred distributions will give rise to an immediate capital gain. However, this gain may be reduced on account of the CGT 50% discount if you have held your units in the Fund for 12 months or more.

Components of distributions

The amounts in this part reconcile the net cash distributed to you for the year ended 30 June 2021.

Australian income

The components that make up your Australian non-primary production income are:

- Interest income; and
- Other income.

Other deductions relating to distributions

This includes deductions incurred during the 2021 income year.

Deductions allowable to the trustees that are taken into account in calculating the net income of the Fund are not included in this item. Ordinarily, deductible expenses will be netted off against the relevant class of income in the Fund.

Capital gains

The capital gains section provides information about the capital gains made by the Fund during the year. It does not include any capital gains or losses relating to the disposal of your units in the Fund.

You will need to consider whether you are required to complete the ATO's Capital Gains Tax Schedule.

Foreign income

Foreign income is income derived from sources outside Australia. This section does not include foreign capital gains. Please refer to the capital gains sections for information on any foreign capital gains.

The components that make up your foreign income are:

- Assessable foreign source income

Assessable foreign source income includes any foreign income (e.g., dividend and interest income) that is assessable for Australian tax purposes.

Other non-assessable amounts

The amounts classified as non-assessable should not form part of your tax return.

Tax deferred amounts require you to reduce the cost base of your units by these amounts for CGT purposes (see above). CGT concession amounts are shown in the capital gains section to allow reconciliation of capital gains.

Other deductions from distributions

This section includes the amount of TFN withholding tax that has been withheld from your distributions. TFN amounts withheld may be refunded by the ATO when you lodge your tax return.

3. LEGISLATIVE CHANGES FOR MANAGED INVESTMENTS TRUSTS

The Australian Government introduced a new regime for the taxation of managed investment trusts (referred to as AMIT Regime). Eligible MITs may choose to apply the new regime.

The Orca Asia Fund and the Orca Global Fund have not made a choice to have the AMIT Regime apply for the year ended 30 June 2021, although the Funds may choose to apply the new AMIT Regime in future income years. Accordingly, these rules have no consequences for investors for the year ended 30 June 2021.

4. ATO PUBLICATIONS

Various publications are issued by the ATO to assist individual taxpayers prepare their tax returns and these include:

- *Individual Tax Return Instructions 2021 and Individual Tax Return Instructions Supplement 2021; and*
- *Personal Investors Guide to Capital Gains Tax 2021 or Guide to Capital Gains Tax 2021.*

You can obtain any of the publications detailed above by calling the ATO's Publication Distribution Service on 1300 720 092, visiting an ATO office (refer *Individual Tax Return Instructions 2021* for details) or downloading them at www.ato.gov.au.

Disclaimer

While every effort is made to provide accurate and complete information, Orca Funds Management as Investment Manager (the IM) of the Fund does not warrant or represent that the information in this Guide is free from errors or omissions or is suitable for your intended use. Subject to any terms implied by law and which cannot be excluded, the IM accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information. Please note that all figures are in Australian dollars unless otherwise indicated.