



Distributions – your questions answered

Ever wondered what makes up your distribution, how you can get your distributions to work for you, why distributions can differ from fund to fund, or what happens when your fund doesn't pay a distribution? We answer some common distribution questions and outline what to expect from your fund.

What are distributions?

Managed funds make regular payments to unitholders in the form of distributions. Depending on the investments a fund holds, a single distribution payment is typically a combination of:

- Income in the form of interest (from cash or bonds) or dividends (from shares); and
- Realised capital gains from the sale of assets held by the fund.

Distributions may also comprise currency gains if a fund holds international assets, as well as tax credits such as franking credits and foreign tax credits and other income such as trading gains.

How much do I receive?

For every fund you are invested in, the income you receive is based on the number of units you hold at the end of the distribution period, regardless of how long you have held those units. Every unit in a given fund receives the same rate of distribution. The level of distribution available (if any) depends on the types of investments each fund holds and the income those investments have generated.

How can reinvesting my distribution increase my wealth?

By reinvesting your distributions you can take advantage of the compounding effect which occurs when your income also starts to work for you.

Visit our website www.yarracm.com/forms-and-documents to obtain a copy of our 'Change of Details Form' which can be used to update how income distributions on your investment should be paid.

How often are distributions paid?

Most of the funds will pay distributions half-yearly (at 31 December and 30 June). Those that specialise in income-generating securities pay monthly or quarterly distributions. However, it is important to note that some funds may not always make a distribution.

Why is the unit price lower after the distribution?

The profits and income that the fund earns is reflected in the unit price. When the distribution is paid these profits and income are paid to investors and the unit price will fall by approximately the same amount as the distribution.

My fund didn't pay a distribution – why?

A fund will not necessarily pay a distribution at the end of its scheduled distribution period. This is most likely to happen in the case of the Yarra Global Small Companies Fund which typically does not pay a half-yearly (or 'interim') distribution at 31 December. An interim distribution may not be made because, typically, any income available in the fund is primarily in the form of realised capital gains, and this is retained in the fund until the end of June in order to offset any realised capital losses that may be incurred over the year, in such cases any available income would then be distributed at 30 June.

Distributions might not be made at 30 June for a number of reasons, including the following:

- International assets producing lower levels of extra income, which are then absorbed generally by fund expenses (fees);
- A capital loss may be made on the sale of assets within the fund. The loss can vary depending on what the asset was, at what point during the year it was disposed of, when it was originally purchased and capital gains tax matching methodology; or
- Capital or revenue losses in previous years.

It is important to understand that even if a distribution is not made at the end of a fund's scheduled distribution period the fund may still have experienced positive performance.

Why is my distribution different from one period to the next?

In addition to the cases described above where a distribution may not be made, other factors can also cause distribution levels to vary. The payment cycles followed by the underlying securities in which a fund invests, for example, can affect distribution levels from one distribution period to the next. Not all securities will pay dividends at the same time. So, in some distribution periods there may be more dividend payments than in others, and therefore the distribution payment may be greater than distributions paid at other times of the year. Distribution levels may also vary as a result of the performance of the market a particular fund is exposed to. The level of realised capital gains and losses depends on a number of factors including the value at which fund assets are purchased and disposed of.

How do I know when my fund has paid a distribution?

At the end of each distribution period you'll receive a distribution statement for each fund you invest into outlining the details and amount of the distribution you received. This statement will also notify you how we have paid this distribution based on your chosen method. Further information in relation to distributions payable can be found at www.yarracm.com/distributions.

When can I expect to receive my annual tax statement?

For each financial year you'll receive an Annual Tax Statement. The timing of dispatch of this document will be made available in mid-June each year and can be found at www.yarracm.com/distributions. This statement will also act as your Attribution Managed Investment Trust Member Annual ('AMMA') Statement for funds that have opted into the Attribution Managed Investment Trust ('AMIT') regime. The Annual Tax Statement has been updated to accommodate for the AMIT regime. For information on the AMIT regime visit our website at www.yarracm.com/AMIT.

Why do unitholders who have an investment in more than one Yarra Capital Management fund receive a separate mailing for each investment?

Since our funds have to go through a review and sign off process before we confirm any distributions, this means that funds will release their distribution at different times during the end of year period. Our aim is to ensure unitholders receive their distribution information as soon as possible which is why we send individual confirmations as close to the distribution release rather than hold these back until the last fund has been approved.

What can I expect from my fund?

The investments your fund holds determine what its distributions are likely to comprise, and how often those distributions are likely to be paid. The following table provides an outline of the typical distribution characteristics for the Yarra Capital Management range of funds.

Fund name	Distribution typically comprises	Payment cycle	Typical characteristics
Australian equities funds			
Yarra Australian Equities Fund (Direct)* Yarra Australian Equities Fund Yarra Ex-20 Australian Equities Fund Yarra Investment Fund* Yarra Leaders Fund*	Mostly realised capital gains. They may also include income from dividends paid during the distribution period.	Half-yearly.	Distributions from equities funds tend to be the most variable of all, as they are dependent on the returns achieved by the securities in which the fund holds investments, which can themselves vary greatly from one distribution period to the next.
Yarra Emerging Leaders Fund (Direct)* Yarra Emerging Leaders Fund	Mostly realised capital gains. Less likely than other Australian equities funds to comprise an income component, as small companies are more likely to reinvest their income in order to grow the company further, rather than paying it out as dividends for investors.	Half-yearly.	Distributions from equities funds tend to be the most variable of all, as they are dependent on the returns achieved by the securities in which the fund holds investments, which can themselves vary greatly from one distribution period to the next.

Fund name	Distribution typically comprises	Payment cycle	Typical characteristics
Infrastructure & property funds			
Yarra Australian Real Assets Securities Fund	Mostly income but also realised trading gains (if any).	Half-yearly.	While distributions from infrastructure investments and REITs are not as consistent as fixed interest investments, they are generally more consistent than those available from equity investments.
Global equities funds			
Yarra Global Small Companies Fund	Mostly realised capital gains, with some income from dividends.	Any income available at 31 December is likely to be retained and paid out at 30 June.	Given that distributions are likely to comprise mostly capital gains, half-year distributions are generally retained in the fund to offset any capital losses made over the course of the full year. Any available distribution is then paid out at 30 June.
ARK Global Disruptive Innovation Fund Yarra Global Share Fund		Annually, 30 June.	Due to the capital growth style of underlying funds which these funds invest in annual income distributions may be minimal or nil at times.
Australian fixed income funds			
Yarra Enhanced Income Fund (Direct)* Yarra Enhanced Income Fund Yarra Higher Income Fund	Income from cash and bond investments.	Monthly.	The distributions from fixed interest investments and income-focused funds tend to be the most consistent of all funds. This is because investments such as fixed interest provide a fixed income for a set period of time.
Yarra Australian Bond Fund		Quarterly.	
Multi-Sector funds			
Yarra Income Plus Fund	A combination of income and realised capital gains, dependent on the proportion of growth assets held in the fund.	Quarterly.	
Diversified funds			
Yarra Growth Fund	Mostly realised capital gains, with some income from dividends and interest.	Half-yearly.	Distributions from growth assets tend to be the most variable of all, as they are dependent on the returns achieved by the securities in which the underlying funds holds investments, which can themselves vary greatly from one distribution period to the next. In addition, there will be a small component of distributions generated by income assets held by the fund.

* This Fund is no longer available for new investment other than reinvestment of distributions.

Note that any applicable fees and charges applicable to your investment are deducted from the income generated by your Fund prior to the payment of distributions. Please refer to the relevant Product Disclosure Statement for more information on the fees and charges that apply to your investment.

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