

31 January 2018

Mr David Hawkins
Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Australian Foundation
Investment Company Limited
ABN 56 004 147 120
Level 21, 101 Collins St
Melbourne VIC 3000
T 03 9650 9911
F 03 9650 9100
invest@afic.com.au
afic.com.au

via e-mail: CIVreform@treasury.gov.au

Dear Sir/Madam

Corporate Collective Investment Vehicle (CCIV) Bill

I am writing in response to the Government's draft Corporate Collective Investment Vehicle (CCIV) Bill on behalf of Australian Foundation Investment Company Limited (AFIC), Australia's largest listed investment company.

AFIC commenced operations in 1928 and for 90 years has been an investor in shares and other securities of Australian companies. It currently has over 120,000 shareholders. The vast majority of these shareholders are Australian resident retail investors either directly or through self-managed superannuation funds.

The traditional Listed Investment Company (LIC) structure has been extremely attractive to smaller retail investors and charitable institutions. One of the key reasons for this include the simple structure, the very low management expenses of operating traditional LICs and the preferable corporate governance processes that apply to listed companies as opposed to trusts. The characteristics of the traditional LICs are well appreciated and understood by market investors, and they are an important part of the domestic asset management and investment industries.

It is important that investors in LICs are not disadvantaged unfairly or inadvertently by taxation legislation.

This is currently the case with regards to the legislation that allows Managed Investment Trusts to determine that all investments are on capital account as opposed to revenue account.

The case for using the passage of the CCIV legislation to remove this anomalous treatment was set out in previous submissions to Government, a copy of which is attached.

We support all efforts to make the Australian fund management industry more attractive to off-shore participants and welcome the Government's moves in this direction. However, the Listed Investment Company structure is one that has served

our shareholders well for 90 years and it is therefore unlikely that AFIC would seek to convert into a CCIV.

I am at your convenience to talk through any of the above in more detail.

Kind regards

A handwritten signature in black ink, appearing to read 'Andrew Porter', with a stylized flourish at the end.

Andrew Porter
Chief Financial Officer