ONEANSWER HEDGE FUNDS GUIDE

1 December 2024

OnePath

Investments

This *OneAnswer Hedge Funds Guide* (Guide) forms part of the following Product Disclosure Statements (PDSs) dated 1 December 2024:

- OneAnswer Frontier Investment Portfolio PDS Product Book
- OneAnswer Investment Portfolio PDS Product Book (Only available to investors who joined prior to 1 July 2013).

OnePath Funds Management Limited ABN 21 003 002 800 AFSL 238342 (OnePath Funds Management) is the issuer of the PDSs listed above and each of the products offered under them (collectively referred to in this Guide as 'OneAnswer Investments').

Please note that the following OneAnswer Investments are closed to new investors:

- OneAnswer Investment Portfolio (only applies to investors who joined prior to 1 July 2013)
- OneAnswer Investment Portfolio//Select (only applies to investors who joined prior to 15 November 2010).

Super and Pension

This Guide forms part of the OneAnswer Frontier Personal Super and Pension PDS dated 1 December 2024.

OnePath Custodians Pty Limited ABN 12 008 508 496 AFSL 238346 (OnePath Custodians) is the issuer of the PDS and each of the products offered under it (collectively referred to in this Guide as 'OneAnswer Personal Super and Pension').

Purpose of this Guide

The purpose of this Guide is to provide you with additional information and/or specific terms and conditions referred to in each PDS. You should consider all of that information before making a decision to invest. The PDSs, this Guide and any document that is applied, adopted or incorporated by reference into the PDSs can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

References in this Guide

The terms 'us', 'we' and 'our' when used in relation to OneAnswer Investments or OneAnswer Personal Super and Pension, refer to the issuer of that particular product, which is either OnePath Funds Management or OnePath Custodians as the context requires. Each issuer has prepared and is responsible for the contents of this Guide.

References to the 'Corporations Act' are references to the *Corporations Act 2001* (Cth).

Important information

This Guide contains general information only and does not take into account your objectives, financial situation or needs. It should not be used as a substitute for financial advice.

You should read this Guide and the relevant PDS to assess whether the information is appropriate having regard to your objectives, financial situation and needs, and speak to a financial adviser before making an investment decision.

If you are a member of OneAnswer Personal Super and Pension, you should note that your investment may be subject to different conditions to those set out in this Guide e.g. in respect of withdrawals. You should read this Guide subject to the relevant OneAnswer Personal Super and Pension PDS.

In relation to information provided about underlying hedge funds, we have relied on information provided by the responsible entity of the underlying hedge fund and cross references are made to the relevant responsible entity's PDS as applicable. Each responsible entity of the relevant underlying hedge fund has consented to the disclosure of the information in this Guide relating to its hedge fund, and has not withdrawn its consent at the time of preparation of this Guide. Each external responsible entity has provided its consent to statements relating to them being included in this Guide in the form and context in which those statements are included. No consents have been withdrawn at the time of preparation of this Guide. The external responsible entity of each underlying fund neither makes nor purports to make any statement in this Guide or any document incorporated in this Guide, and has not authorised or caused the issue of this Guide, and expressly disclaims and takes no responsibility for the Guide or any document incorporated in this Guide.

OnePath Funds Management and OnePath Custodians as the issuers of this document are both part of the group of companies, comprising Insignia Financial Ltd (ABN 49 100 103 722) and its related bodies corporate (Insignia Financial Group). Neither the Issuers, nor any other related or associated company, guarantee the repayment of capital, the performance of, or any rate of return of your investment. Investments made into the investment options are subject to investment risks and other risks. This could involve delays in the repayment of principal and loss of income or principal invested.

This information is current as at 1 December 2024 and may be updated from time to time.

Up-to-date information can be obtained online at onepathsuperinvest.com.au/performance/product-updates or by contacting Customer Services.

Contents

1. ABOUT THIS GUIDE

RG240

The Australian Securities and Investments Commission (ASIC) requires responsible entities of hedge funds and funds which invest into hedge funds to provide enhanced disclosure, as set out in ASIC's *Regulatory Guide 240 Hedge funds: Improving disclosure* (RG240).

The purpose of RG240 is to help investors understand and assess hedge funds so that they can make more informed investment decisions. The information that must be disclosed includes:

- Benchmarks, which address fund valuation and reporting
- Disclosure Principles, which address the key features of a fund such as investment strategy and fund structure.

A summary of the Benchmarks and Disclosure Principles is provided in Section 2.

This Guide

This Guide addresses the disclosure requirements of RG240 in relation to:

a) certain OneAnswer funds which invest into hedge funds – Section 3.

b) the 'significant underlying funds' into which those OneAnswer funds invest (that is, any underlying hedge fund that accounts for 35% or more of a OneAnswer fund's assets) – Section 4–5.

c) underlying hedge funds that are not considered significant underlying funds – Section 6.

The funds and underlying funds described above are listed in Table 1, and are referred to as 'Funds' and 'Underlying Funds' respectively throughout this Guide.

Important

This Guide forms part of each PDS listed below, dated 1 December 2024:

- OneAnswer Frontier Investment Portfolio PDS Product Book
- OneAnswer Investment Portfolio PDS Product Book (Only available to investors who joined prior to 1 July 2013)
- OneAnswer Frontier Personal Super and Pension PDS.

You should read this Guide in conjunction with the relevant PDS and each other document that forms part of those PDSs, including the *OneAnswer Investment Funds Guide*. These documents can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

Funds and Underlying Funds

Information in this Guide only applies to the Funds and Underlying Funds listed in Table 1.

Table 1

Fund	Invests in (Underlying Fund)	Section
OneAnswer BlackRock Tactical Growth Fund ARSN 101 423 732	BlackRock Tactical Growth Fund ARSN 088 051 889	4
OnePath Platinum Asia Fund ARSN 145 329 871	Platinum Asia Fund ARSN 104 043 110	5
OneAnswer Platinum International Fund ARSN 105 700 927	Platinum International Fund ARSN 089 528 307	5
OnePath Alternatives Growth Fund ARSN 121 982 796	Fulcrum Diversified Absolute Return Fund ARSN 601 830 353	6
	Janus Henderson Global Multi-Strategy Fund ARSN 640 241 943	6
	One River Systematic Trend SP – (a segregated portfolio of the Peters Thematic SPC Fund Ltd) ('Trend')	6
	One River Systematic Alternative Markets Trend SP – (a segregated portfolio of the Peters Thematic SPC Fund Ltd) ('Alt Markets Trend')	6
	Bentham Syndicated Loan Fund ARSN 110 077 159	6
	MCP Wholesale Investments Trust	6

In this Guide, the OneAnswer BlackRock Tactical Growth Fund, OneAnswer Platinum Asia Fund, and OneAnswer Platinum International Fund are together referred to as the 'OneAnswer Hedge Funds' and the OnePath Alternatives Growth Fund is referred to as 'OPAG'.

Investment risks

Hedge funds can pose more complex risks for investors than traditional managed investment schemes due to their diverse investment strategies, use of leverage and complex offshore structures.

Before you make an investment decision it is important to identify your investment objectives and the level of risk you are prepared to accept.

Investments in the Funds and Underlying Funds have specific risks which you should consider before making an investment decision. These risks are described or referenced in the relevant sections of this Guide.

General risks associated with hedge funds are described in the *OneAnswer Investment Funds Guide* which can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

More information

- **RG240** Go to asic.gov.au
- **Underlying Funds** Go to the websites noted in the relevant fund sections of this Guide.
- **OneAnswer Funds** Information can be obtained online at onepathsuperinvest.com.au or by contacting Customer Services by phone on 133 665 or by email to client@onepathsuperinvest.com.au

2. BENCHMARKS AND DISCLOSURE PRINCIPLES

Table 2 summarises the type of information about 'hedge funds' that must be provided to investors under RG240.

Information about the Benchmarks and Disclosure Principles specific to each of the Funds and Underlying Funds noted in Section 1 are provided in Sections 3–8.

Table 2

Benchmark	What information must be provided?
1. Valuation of assets	This benchmark addresses whether valuations of the hedge fund's non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.
2. Periodic reporting	This benchmark addresses whether the responsible entity of the hedge fund will provide periodic disclosure of certain key information on an annual and monthly basis.
Disclosure Principle	**What information must be provided?**
1. Investment strategy	Details of the investment strategy for the hedge fund, including the type of strategy, how it works in practice and how risks are managed.
2. Investment manager	Information about the people responsible for managing the hedge fund's investments, such as their qualifications and relevant commercial experience and the proportion of their time devoted to the hedge fund, and the relevant arrangement between the responsible entity and the investment manager, if any.
3. Fund structure	An explanation of the investment structures involved, the relationships between entities in the structure, fees and other costs payable to the responsible entity and the investment manager, the jurisdictions involved (if these involve parties offshore), the due diligence performed on underlying funds and related party relationships within the structure.
4. Valuation, location and custody of assets	Disclosure of the types of assets held, where they are located, how they are valued and the custodial arrangements.
5. Liquidity	Disclosure of the hedge fund's ability to realise its assets in a timely manner and the risks of illiquid classes of assets.
6. Leverage	Disclosure of the maximum anticipated level of leverage of the hedge fund (including leverage embedded in the assets of the hedge fund).
7. Derivatives	Disclosure of the purpose and types of derivatives used by the responsible entity or investment manager, and associated risks.
8. Short-selling	How short-selling may be used as part of the investment strategy, and the associated risks and costs of short-selling.
9. Withdrawals	Disclosure of the circumstances in which the responsible entity of the hedge fund allows withdrawals and how this might change.

3. ONEANSWER FUNDS

3.1 The Funds

Information in this section applies to the following (referred to as 'the Funds' for the purposes of this section):

- OneAnswer BlackRock Tactical Growth Fund
- OnePath Alternatives Growth Fund
- OneAnswer Platinum Asia Fund
- OneAnswer Platinum International Fund.

For information about the underlying funds in which these Funds may invest (referred to as 'Underlying Funds' throughout this Guide), see Sections 4–9.

In this Guide, the OneAnswer BlackRock Tactical Growth Fund, OneAnswer Platinum Asia Fund, and OneAnswer Platinum International Fund are together referred to as the 'OneAnswer Hedge Funds' and the OnePath Alternatives Growth Fund is referred to as 'OPAG'.

Responsible entity

OnePath Funds Management acts as the responsible entity of each Fund.

PDS

For full information about the Funds, you should refer to the relevant OneAnswer PDS (see Section 1) and each other document that forms part of those PDSs, including the *OneAnswer Investment Funds Guide*. These documents can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

3.2 Benchmarks

1. Valuation of assets

This benchmark requires us to have and implement a policy that requires the valuation of the Funds' assets that are not exchange traded to be provided by an independent administrator or an independent valuation service provider.

This benchmark is not met directly by us in the context of the OneAnswer Hedge Funds and OPAG, but instead is met by each of the relevant Underlying Funds. This is considered appropriate because the only assets of the Funds (excluding Cash) are units or shares in the relevant Underlying Funds. It is our policy however that this benchmark is met for each Underlying Fund that we invest in for OneAnswer Hedge Funds and OPAG.

We value the interests of the OneAnswer Hedge Funds and OPAG based on unit and share prices provided by the administrators/ investment managers of each Underlying Fund, each of which is independent of us. We limit the risk of any lack of independence and any related party conflicts in the valuation of non-exchange traded assets by monitoring the valuation of each of the OneAnswer Hedge Fund's and OPAG's Underlying Funds.

The Underlying Funds described in Sections 4 to 6 of this Guide meet this benchmark. .

2. Periodic reporting

This benchmark requires us to have and implement a policy to report on specific information on an annual or monthly basis.

Annual reporting

For each of the OneAnswer Hedge Funds and OPAG we will provide the following information at least annually, either in the annual report of the Fund, on our website under performance reporting, or in our periodic statements:

- the actual allocation to each Underlying Fund held by the Fund
- the maturity profile of each Fund's liabilities as at the end of the year
- the annual investment returns of the Fund over the previous five-year period
- changes to key service providers of the Fund and any changes to their related party status
- the liquidity profile of the Fund's assets as at the end of the year
- the leverage ratio (if any) of the Fund at the end of the year
- the derivatives counterparties (if any) engaged by us in managing the Fund.

Annual reports containing information relevant to the Fund can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

Monthly reporting

For each of the OneAnswer Hedge Funds and OPAG, the following information is provided in the respective monthly Fund summaries available on our website:

- the current total net asset value of the Fund and the withdrawal value of a unit in the Fund as at the date the net asset value was calculated in accordance with the method described in the 'Unit price' section of the PDS relevant to your OneAnswer Investment
- changes to key service providers of the Fund and any change in their related party status
- for each of the following matters since the last report on those matters:
  - the net return on the Fund's assets after fees, costs and taxes
  - any material changes in the Fund's risk profile;
  - any material changes in the Fund's investment strategy; and
  - any change in the individuals playing a key role in investment decisions for the Fund.

An investment returns booklet showing the Fund's net returns is available at onepathsuperinvest.com.au

The Underlying Funds described in Sections 4 and 5 of this Guide meet this benchmark.

3.3 Disclosure Principles

1. Investment strategy
2. Investment manager
3. Fund structure
4. Valuation, location and custody of assets
5. Liquidity
6. Leverage
7. Derivatives
8. Short-selling
9. Withdrawals

1. Investment strategy

An investment strategy describes how a fund aims to achieve its investment objective. The OneAnswer Hedge Funds and OPAG aim to achieve their respective investment objectives by investing wholly or substantially into one or more Underlying Funds which themselves are hedge funds (other than the Bentham Syndicated Loan Fund and the MCP Wholesale Investment Trust, which are each an Underlying Fund of OPAG).

The investment strategy for each of the OneAnswer Hedge Funds is aligned to the investment strategy of the referable Underlying Fund. For OPAG, a multi-manager portfolio, each Underlying Fund is considered by OnePath Funds Management to help achieve its investment objectives.

The investment objective and strategy for each significant Underlying Fund is set out in the *OneAnswer Investment Funds Guide* and/or in Sections 4–5 of this Guide. Summary descriptions of the Underlying Funds held by OPAG can be found in Section 6 of this Guide.

The criteria and the due diligence process for selecting Underlying Funds more generally is set out in section 3 "Fund structure" in this section.

Key dependencies and assumptions

There are key dependencies and assumptions underpinning the ability of each of the OneAnswer Hedge Funds and OPAG to achieve its investment objectives, which include:

a) legislators and regulators continuing to consider regulatory reforms and other measures to stabilise markets and encourage growth in global financial markets;

b) the asset allocation process underpinning the Fund's investments remaining robust and relevant;

c) each Underlying Fund achieving its investment objectives; and

d) our due diligence processes identifying appropriate Underlying Funds, and the ongoing monitoring of these investments.

Risk management

The OnePath Funds Management Board has adopted a Risk Management Strategy (RMS) which includes, but is not limited to, risks associated with investments. Each Fund and referable Underlying Fund is monitored and assessed on an ongoing basis as part of OnePath Funds Management's RMS.

For internal funds, asset exposures are constantly monitored to ensure they remain within permitted investment parameters and their trading and investment activities remain within assigned limits. Where such limits are exceeded, the OnePath Funds Management Board is alerted to such occurrences which are then dealt with in accordance with internally documented policies.

For Underlying Funds that OnePath Funds Management invests into, we are reliant on the external manager ensuring compliance with their investment guidelines, however we have processes in place to monitor manager compliance as appropriate.

The RMS is reviewed on an annual basis or whenever there is a material change in the OnePath Funds Management business, and a review of the risks set out in the RMS is conducted at least annually.

For information about the risk management strategies of the significant Underlying Funds, see Sections 4–5 and refer to the relevant Underlying Fund's PDS if available.

Diversification guidelines and limits

The Funds are either wholly or substantially invested in the Underlying Funds. The OnePath Alternatives Growth Fund, being a multi-manager fund diversified by investment managers and liquid alternative asset classes and/or strategies, achieves diversification by being substantially invested in the Underlying Funds (a range of 80%-100%). Allocations to each Underlying Fund (excluding Cash or Cash equivalents) is subject to a 0%-35% range.

The other Funds do not have specific diversification guidelines or limits, including limits for sector, industry or credit considerations.

Changes to investment strategy

The investment objective, investment strategy, asset allocation and other information in this section may change at any time. Any changes will be considered in light of the potential negative or positive impact on investors. We will notify investors in any affected Funds as soon as practicable after any changes have been implemented. Notification will be through regular investor communications and/or as an update on our website.

2. Investment manager

We (OnePath Funds Management) act as investment manager for each of the OneAnswer Hedge Funds and OPAG. The implementation of investment strategies for the Funds is a core capability of OnePath Funds Management.

For each of the Underlying Funds, our investment team continuously researches, assesses and monitors the Underlying Funds with input from our preferred external research consultants as appropriate. We may add, remove or reduce allocations to any Underlying Fund at any time.

See Section 4–5 for information about the key investment managers of the significant Underlying Funds, and Section 6 for summary descriptions of the Underlying Funds not considered significant.

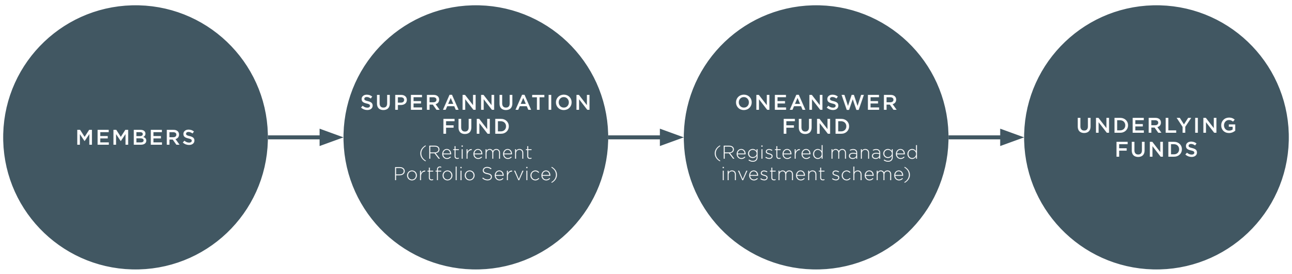
3. Fund structure

Each of the OneAnswer Hedge Funds and OPAG is a unit trust (an Australian registered managed investment scheme) which invests into one or more externally managed Underlying Funds.

The following diagrams show the investment structure applicable to each of the Funds.

OneAnswer Investments

OneAnswer Personal Super and Pension



Underlying Fund selection and monitoring

As responsible entity for each of the OneAnswer Hedge Funds and OPAG, we have formal agreements in place with the managers of each of the Underlying Funds which address the agreed commercial terms associated with our investment.

Before selecting an Underlying Fund, we undertake a due diligence process to ensure the manager of the Underlying Fund meets our investment selection criteria, which includes:

- the views of our internal Investment Management team;
- consideration of external research ratings, where appropriate, including OnePath Funds Management's primary investment consultants;
- the experience and stability of the investment team managing the Underlying Fund's assets;
- the strength of the fund's management organisation behind the Underlying Fund;
- the investment philosophy and investment process followed by the investment manager of the Underlying Fund;
- the risks inherent in the Underlying Fund's investment strategy and the Underlying Fund's suitability and complementarity with the Fund's broader portfolio;
- adequacy of the Underlying Fund's portfolio diversification
- competitiveness of the fee structure, and its alignment with investors' interests;
- liquidity of the Underlying Fund and its underlying assets;
- short-term and long-term performance of the Underlying Fund relative to its investment objectives and peers;
- assets under management in the Underlying Fund, and any capacity issues or constraints.

Our selection criteria also considers the key service providers used by each Underlying Fund. Consideration of such service providers is limited to the extent that it considers whether those service providers are reputable and independent from the Underlying Funds. We do not otherwise conduct due diligence process on those service providers.

Payments and performance fees

We may receive payments from managers or the responsible entities of Underlying Funds and/or related parties.

Performances fees may apply to one or more of the Underlying Funds in the OPAG.

For information about these payments and performance fees, refer to the 'Fees and other costs' sections of the following:

- OneAnswer Frontier Investment Portfolio PDS Product Book
- OneAnswer Investment Portfolio PDS Product Book (Only available to investors who joined prior to 1 July 2013)
- OneAnswer Frontier Personal Super and Pension Fees Guide.

OnePath Alternatives Growth Fund (OPAG)

OPAG is a multi-manager solution that seeks to provide returns with low correlation to equity markets by investing in a portfolio of alternative investment strategies (Underlying Funds). The multi-manager portfolio is designed with the intention of delivering more consistent, and diversified sources of returns than could be achieved if investing with a single manager.

Each Underlying Fund is considered by OnePath Funds Management to help achieve OPAG's investment objectives.

OPAG offers exposure to non-traditional sources of return, targeting lower volatility of returns with less downside risk than traditional asset classes. We believe that the investment strategy of each Underlying Fund complements those of the other Underlying Funds held by the Fund. By combining these complementary investment strategies of institutional quality managers, the Fund offers investors a diversified liquid alternatives portfolio, which can be blended with core equity and fixed income investments within a diversified, multi-asset portfolio.

Service providers

We act as the administrator for each of the Funds. From time to time we engage external service providers in respect of the Funds. Key service providers are:

- Auditor – KPMG is the auditor for each of the Funds
- Manager selection – Where appropriate, we use external research houses (e.g. Mercer) for input to manager selection.

Monitoring of service providers

We have a compliance plan in place to ensure that the appointment of service providers such as auditors is responsibly conducted, and that their performance is appropriately monitored. The compliance plan is audited by KPMG. The audit report is lodged with ASIC annually.

Under the procedures for appointing and monitoring an outsource arrangement, appropriate due diligence investigations are conducted on a third-party prior to their appointment. Written contracts with the third party provider are reviewed and executed in accordance with the procedure for the execution of documents.

The performance of the third-party service and outsource providers may be monitored through some or a combination of regular meetings, obtaining audit reports, obtaining compliance reports and service level reporting. Issues reported by outsource service providers are treated as incidents and managed in accordance with our Incident Management Process.

4. Valuation, location and custody of assets

As responsible entity of each of the OneAnswer Hedge Funds and OPAG, we hold the assets in the form of units or shares, as applicable, in each Underlying Fund.

All assets are normally valued at their most recent market value, based on the unit or share prices of the Underlying Funds received from the respective administrators/investment managers.

The Underlying Funds of the OneAnswer Hedge Funds, and their independent service providers (such as administrators and custodians) are located in Australia and are denominated in Australian Dollars.

The Underlying Funds of OPAG, and their independent service providers (such as administrators and custodians) may be located in Australia or overseas. The currency denomination of the OPAG's interests in the Underlying Funds may vary but are typically denominated in Australian dollars.

There are risks involved when investing in overseas jurisdictions. For more information on these and others risks associated with investing in the OPAG, please refer to Section 3.4 'Risks of investing'.

The cash holdings of OneAnswer Hedge Funds and OPAG will generally be denominated in Australian dollars and held in bank accounts with Australian authorised deposit-taking institutions, or through cash funds managed by a member of the Insignia Financial Group ('Cash Funds').

The OneAnswer Hedge Funds and OPAG do not have a custodian, with interests in Underlying Funds, Cash or Cash Funds held in the name of OnePath Funds Management Limited as responsible entity.

For information about the valuation of assets and the calculation of unit prices each OneAnswer Fund, refer to:

- the 'How does OneAnswer Frontier Personal Super and Pension work?' section of the OneAnswer Frontier Personal Super and Pension Additional Information Guide
- the 'What else do I need to know?' section of the
  - OneAnswer Frontier Investment Portfolio PDS Product Book
  - OneAnswer Investment Portfolio PDS Product Book (Only available to investors who joined prior to 1 July 2013).

For information about the Underlying Funds, including the types of investments and investment strategies, see Section 4–6.

5. Liquidity

The liquidity profile of each Underlying Fund is considered as part of our initial and ongoing due diligence processes.

OneAnswer Hedge Funds

For each of the OneAnswer Hedge Funds, during normal market conditions, it has been determined that we can reasonably expect to liquidate 80% of the Funds' assets within 10 days. Therefore, each of the OneAnswer Hedge Funds meet the liquidity requirements under RG240 and are generally open for investor applications and withdrawals on each business day.

During abnormal or extreme market conditions the responsible entity of each Underlying Fund may decide to restrict withdrawals or switches, hence causing the Funds to become illiquid. Under these circumstances, we may suspend or restrict withdrawals from the Funds. We may also terminate the Funds, which could result in a delay in the repayment of capital to investors.

For information about liquidity of the Underlying Funds held by the OneAnswer Hedge Funds see Sections 4–5.

OnePath Alternatives Growth Fund (OPAG)

OPAG invests substantially all of its assets in Underlying Funds, each of which has varying liquidity parameters.

Liquidity of the Underlying Funds is considered as part of the manager selection process. As a responsible entity OnePath Funds Management maintains a Liquidity Management Plan ('LMP') which outlines the approach for managing and monitoring liquidity risk for a range of registered and unregistered managed investment schemes for which we are responsible, including the Fund.

The objective of the LMP is to outline liquidity management governance, ongoing liquidity measurement and management, liquidity stress scenarios, and liquidity events and crisis management planning. The following procedures are in place for monitoring and managing liquidity on an ongoing basis: daily cash flow monitoring and liquidity monitoring; maintenance and monitoring of adequate levels of liquid securities; management of illiquid assets; compliance monitoring of liquidity ranges; management of significant redemptions from a single investor; forecasting liquidity requirements during market dislocations; and stress testing annually.

While OPAG allows for transactions each business day, certain Underlying Funds in which OPAG is invested allow for transactions at frequencies other than each business day, and/or the aggregate number of days from OPAG giving the required number of days' notice of a redemption transaction through to the subsequent receipt of the cash proceeds is expected to be longer than 10 days.

Therefore, should the need arise, under normal market conditions we will be unable to realise at least 80% of the assets of the Fund within 10 days of any given dealing date of OPAG, being each business day. However, should the need arise, under normal market conditions we reasonably expect to be able to realise at least 80% of the assets of OPAG within approximately 20 days of any dealing date of the OPAG.

Notwithstanding the RG240 liquidity threshold described above which is predicated on a significant single day redemption 'stress' scenario for OPAG, based on our ongoing assessment of OPAG liquidity, during normal market conditions we reasonably expect to be able to appropriately manage the portfolio to enable us to continue to meet the individual withdrawal requests of investors from OPAG on each business day.

For information about the risks associated with liquidity more generally, see page 4 and page 7 'Different types of risk' of the *OneAnswer Investment Funds Guide*.

6. Leverage

Leverage is not part of the investment strategy for each of the OneAnswer Hedge Funds or OPAG, but may be used in certain circumstances as a short-term measure, for example where needed to allow for a large number of withdrawals to be processed at the same time.

Certain Underlying Funds may use leverage as part of their investment strategy. Although we do not specifically consider the types and level of leverage used by the Underlying Funds, these factors are taken into consideration as part of the overall risk assessment analysis carried out by us when selecting an Underlying Fund.

Information about the use of leverage by the Underlying Funds held by the OneAnswer Hedge Funds is provided in Sections 4–5.

At the date of the OPAG PDS, we estimate the weighted average maximum gross leverage of OPAG (on a look-through basis) to be approximately 475% of its net asset value. This value is based on the OPAG's strategic asset allocation to each Underlying Fund as at the date of the OPAG PDS and is subject to change.

See page 4 'Different types of risk' of the *OneAnswer Investment Funds Guide* for information about the risks associated with leverage. Please note that in that guide, information about leverage risk is provided under the heading 'Gearing'.

7. Derivatives

Derivatives are not used by us in the OneAnswer Hedge Funds and OPAG. However, certain Underlying Funds may use derivatives as part of their investment strategy. Although we do not specifically set limits on the types of derivatives used by the Underlying Funds and on the OneAnswer Hedge Funds or OPAG exposures to those instruments (exchange-traded or over-the counter) via an Underlying Fund, these factors are taken into consideration as part of the overall risk assessment analysis carried out by us when selecting an Underlying Fund and in the context of OPAG constructing the overall portfolio of Underlying Funds.

See page 4 'Different types of risk' of the *OneAnswer Investment Funds Guide* for information about the risks associated with derivatives.

8. Short-selling

Short selling is not used by us in the OneAnswer Hedge Funds and OPAG. However, certain Underlying Funds may use short-selling as part of their investment strategy. Although we do not specifically set limits on the level of short selling permitted in each Underlying Fund, these factors are taken into consideration as part of the overall risk assessment analysis carried out by us when selecting an Underlying Fund and in the context of OPAG constructing the overall portfolio of Underlying Funds.

See page 4 'Different types of risk' of the *OneAnswer Investment Funds Guide* for information about the risks associated with short-selling.

Withdrawals

Requests to withdraw from a Fund may be made at any time, and can be made by contacting Customer Services or completing a 'Withdrawal Form'.

Under normal market conditions, withdrawals from the Funds will generally be able to be processed each Business Day. In the unlikely event that a Fund ceases to be liquid (that is, sufficient assets cannot reasonably be expected to be realised and converted into cash to satisfy a withdrawal request within the period specified in the Fund's constitution), different withdrawal procedures, as specified in the Corporations Act, will apply.

In exceptional circumstances, applications and withdrawals may be suspended. For example, if significant market volatility and/or significant internal or external events result in an inability to value an investment fund. This may affect the ability of investors to withdraw from the relevant Fund.

If there are any material changes to withdrawal rights (e.g. restrictions on an investor's ability to withdrawal from the Fund), the changes will be considered in light of the potential negative or positive impact on investors. We will notify investors in affected Funds as soon as practicable after any changes have been implemented. Notification will be made through regular investor communications and/or as updates on our website.

Information about withdrawals is provided in the following:

- OneAnswer Frontier Investment Portfolio PDS Product Book
- OneAnswer Investment Portfolio PDS Product Book (Only available to investors who joined prior to 1 July 2013)
- OneAnswer Frontier Personal Super and Pension Additional Information Guide.

Refer to the *OneAnswer Investment Funds Guide* for information about the risks associated with the liquidity of a Fund.

3.4 Risks of investing

Risks of investing specific to the Funds and general risks* associated with investing in hedge funds are described in each Fund's PDS and in the *OneAnswer Investment Funds Guide*.

The *OneAnswer Investment Funds Guide* and each PDS can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

* Please note that in the *OneAnswer Investment Funds Guide*, information about leverage risk is provided under the heading 'Gearing'.

4. BLACKROCK TACTICAL GROWTH FUND

4.1 The Fund

BlackRock Tactical Growth Fund ARSN 088 051 889 (referred to as 'the Fund' for the purposes of this section).

Responsible entity

BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 (BlackRock Responsible Entity or BlackRock) acts as the responsible entity under the Corporations Act. The BlackRock Responsible Entity is a wholly owned subsidiary of BlackRock, Inc.® (BlackRock Inc) but is not guaranteed by BlackRock Inc or any BlackRock Inc subsidiary or affiliated entity (collectively the BlackRock Group).

Fund website

blackrock.com

PDS

The Fund's PDS is available online at blackrock.com/au/intermediaries/literature/product-disclosure-statement/blackrock-tactical-growth-fund-pds-en-au.pdf. You should refer to the PDS for full information about the Fund.

4.2 Benchmarks

1. Valuation of assets

This benchmark requires the responsible entity to have and implement a policy that requires the valuation of the Fund's assets that are not exchange traded to be provided by an independent administrator or an independent valuation service provider.

The Fund and the underlying funds into which the Fund invests either directly or indirectly meet the benchmark except in certain (generally infrequent) circumstances, as set out below.

The BlackRock Group generally implements valuation policies that require Fund assets that are not exchange traded to be valued by an independent administrator or an independent valuation service provider. In certain (generally infrequent) circumstances where a valuation cannot be obtained from an independent administrator or an independent valuation service provider, the asset may be valued on another basis in accordance with the applicable valuation policy. The valuation process may have regard to the nature of the asset and to any relevant factors, to address any risks of lack of independence in valuations and related party conflicts of interest, which may include referring the matter to an internal committee and/or board of trustees/directors. Prices are generally required to be estimated in good faith and are to be representative of the probable realisation value of the security.

2. Periodic reporting

This benchmark requires the responsible entity to have and implement a policy to report on specific information on an annual or monthly basis.

Annual reporting

The BlackRock Responsible Entity meets the benchmark and implements a policy to report on the following Fund information on an annual basis:

- the actual allocation to each asset type held by the Fund
- the liquidity profile of the Fund's assets
- the maturity profile of the Fund's liabilities
- the leverage ratio of the Fund
- derivative counterparties engaged
- annual investment returns
- changes to key service providers and their related party status.

A copy of the annual report is available free of charge from the Fund website or on request from the Fund's Client Services Centre on 1300 366 100.

Where required, information will also be provided about the underlying funds into which the Fund invests either directly or indirectly.

Monthly reporting

On a monthly basis the following Fund information will be made available free of charge from the Fund website:

- the current total net asset value (NAV) of the Fund and the redemption value of a unit of the Fund as at the date on which the total NAV was calculated
- changes to key service providers and their related party status
- the net return on the Fund's assets after fees, costs and taxes
- any material change in the Fund's risk profile
- any material change in the Fund's strategy
- any change in the individuals playing a key role in investment decisions for the Fund.

To obtain reports for the Fund, you can contact the Fund directly (refer to the Fund website for contact details). We will also provide this information on request.

4.3 Disclosure Principles

1. Investment strategy
2. Investment manager
3. Fund structure
4. Valuation, location and custody of assets
5. Liquidity
6. Leverage
7. Derivatives
8. Short-selling

1. Investment strategy

The investment strategy of the Fund is to provide investors with a diversified exposure to the best investment teams and strategies that the BlackRock Group has globally within the context of an Australian based 'growth' investment portfolio.

The Fund's strategy is built around two steps:

- establishing the most appropriate strategic benchmark subject to the growth/income splits and market risk exposures of the Fund
- enhancing the returns of the Fund relative to the benchmark indices to the maximum extent possible by utilising investment teams, strategies and techniques from the BlackRock Group's resources around the globe, subject to a risk budgeting framework.

As the Fund is a diversified fund, there is no one relevant index to provide a benchmark, so the benchmark consists of a weighted average of the returns provided by market indices for relevant asset classes. The benchmark for the Fund provides a performance target against which Fund performance is measured over a set period of time. The strategic benchmark is reviewed periodically. Specific allocations may vary through time in line with the Fund's objective to manage total portfolio risk, however the Fund will generally retain its split between growth and defensive assets over the medium to long term.

The Fund's strategic benchmark has exposure to a mix of growth assets such as Australian shares, international shares, listed property and listed infrastructure and more defensive (income) asset classes such as Australian and international fixed income and cash. The allocation of growth assets compared with defensive assets and the associated asset class benchmark index is shown in the strategic benchmark table below.

Table 3

Strategic benchmark		
Asset sector	%	Benchmark index
Australian shares	28%	S&P/ASX 300 Total Return Index
International developed markets shares (unhedged)	11%	MSCI World ex-Australia Net TR Index (Unhedged in AUD)
International developed markets shares (hedged)	14%	MSCI World ex-Australia Net TR Index (Hedged in AUD)
Emerging markets shares	8%	MSCI Emerging Markets Net Index (Unhedged in AUD)
Global listed infrastructure	5%	FTSE Developed Core Infrastructure 50/50 Net Tax Index (Unhedged in AUD)
Global real estate (REITs)	5%	FTSE EPRA/NAREIT Developed Net TR Index (Unhedged in AUD)
Total growth assets	71%	
Australian fixed interest	4%	Bloomberg AusBond Composite 0+ Yr Index[SM]
Australian Inflation-Linked Bonds	4.5%	Bloomberg AusBond Inflation Government Index[SM]
Australian Corporate Bonds	5%	Bloomberg AusBond Credit 0+ Yr Index
US Inflation-Linked Bonds	4.5%	Bloomberg US Govt Inflation-Linked Index (Hedged in AUD)
Global High Yield Corporate Fixed Interest	3%	ICE BofA Developed Markets HY Constrained Index (Hedged in AUD)
Gold	5%	Refinitiv Gold Fixing Price Index (Unhedged in AUD)
Cash	3%	Bloomberg AusBond Bank Bill Index[SM]
Total defensive assets	29%	
Foreign currency exposure	34%	

Active asset allocation

Asset allocation strategies are employed with the aim of capitalising on perceived mispricing in and between asset markets in Australia and internationally. This process may result in the Fund's exposure to the asset class being above, below or in line with the strategic benchmark exposure. The strategies employed focus on a broad array of factors aimed at identifying potential market inefficiencies including assessments of fundamental valuation, economic environment, investor sentiment and other factors, including the management of total portfolio risk. BlackRock draws on its research capabilities and the fund management expertise of the BlackRock Group in developing and exploiting these strategies within a risk controlled framework.

The active allocation strategies to which the Fund may be exposed include, but are not limited to:

- Equity Market Absolute Return strategies that seek to exploit inefficiencies in individual stock prices by gaining exposure to long and short positions in local and global equity markets
- Fundamental Global Allocation strategies that seek to identify long-term trends and changes that could benefit particular markets and/or industries relative to other markets and industries by investing across the full spectrum of asset classes
- Fixed Income Global Opportunities strategies that may include traditional core bond strategies, core plus strategies (which seek to increase total return potential by allocating assets to non-investment grade securities and global sectors) and non-traditional strategies (which seek positive returns with lower volatility by employing advanced investment techniques and investment in unconventional securities)
- Fixed Income Absolute Return strategies that seek to exploit opportunities across global fixed income markets by taking long and short positions in a broad range of fixed income securities including, but not limited to sovereign bonds, corporate credit, mortgages and other securities
- Market Neutral Style Premia strategies that seek to capture positive returns from a range of style factor strategies across global asset classes while maintaining low correlation to broad market factors.

The BlackRock Group aims to continuously monitor, research and improve the investment strategies of the underlying funds into which the Fund invests. Such changes may result in changes to the Fund's asset exposures over time. While the Fund will endeavour to notify unit holders of significant strategy enhancements, the Fund will not seek consent prior to implementing these strategy enhancements.

Due diligence and selection of BlackRock Underlying Funds

The Fund invests, directly and indirectly, in pooled investment vehicles managed by a number of investment teams within the BlackRock Group (BlackRock Underlying Funds).

These teams and products are selected on the basis of their ability to generate consistent, lowly correlated returns. Lowly correlated means that it is unlikely that the different teams and products chosen will perform in the same manner at the same time, thereby enhancing diversification and/or lowering Fund volatility. The selection process is also subject to internal controls relating to cost/tax effectiveness and overall risk exposure of the Fund.

Actual asset allocations to investment teams and products will vary over time as the BlackRock Group's expertise alters and the correlations, costs and tax effectiveness of the teams and BlackRock Underlying Funds change. However, the allocations will remain consistent with the principles of providing highly diversified, lowly correlated and risk controlled investment management. A rigorous due diligence process is conducted on short-listed strategies to assess the potential for inclusion in the Fund. This process involves a detailed assessment of the investment strategy. Once a strategy is chosen for inclusion, regular due diligence is conducted on a BlackRock Underlying Fund to ensure its strategy continues to meet the Fund's strict investment criteria.

Where a BlackRock Underlying Fund invests in another fund, a formal due diligence process is generally undertaken in advance of any investment being made. This may not apply where the BlackRock Underlying Fund is part of a master feeder investment structure. Continuous monitoring and periodic reviews of any Fund investment is a material part of the BlackRock Group's general investment management process.

Key dependencies underlying the Fund's investment strategy

The success of the Fund and its underlying funds is dependent upon a number of factors which may include, but are not limited to:

- Ability to identify and exploit perceived pricing inefficiencies The identification and exploitation of pricing inefficiencies in the pricing of securities, financial products, or markets involves uncertainty. There can be no assurance that the investment manager of a BlackRock Underlying Fund will be able to locate investment opportunities or be able to exploit pricing inefficiencies in the securities markets. A reduction in the pricing inefficiency of the markets in which an investment manager seeks to invest will reduce the scope for a BlackRock Underlying Fund's investment strategies. In the event that the perceived mispricings underlying a BlackRock Underlying Fund's positions were to fail to converge toward, or were to diverge further from, relationships expected by the BlackRock Underlying Fund's investment manager, the BlackRock Underlying Fund may incur losses.
- Regulatory environment Legislators and regulators have implemented and continue to consider regulatory reforms and other measures to stabilise markets and encourage growth in global financial markets. Adverse or volatile market conditions, or further regulatory reforms and other measures which limit investment activities and investment opportunities or change the functioning of capital markets, could have a material adverse effect on performance.
- Limits of risk mitigation While each fund in the investment structure benefits from the BlackRock Group's global expertise and risk management practices, it is not always possible to eliminate all applicable risks. An exposure to certain risks could cause underperformance.

See Section 4.4 for information about the risks associated with the Fund's investment strategy.

Changes to the Fund's investment strategy

The BlackRock Group undertakes continuous research and development of the investment strategies of the Fund and BlackRock Underlying Funds, which may result in changes to the way the funds are run. Investors will be notified of any such changes in accordance with the BlackRock Responsible Entity's obligations under the Corporations Act.

Management of portfolio risk

The active risk relative to the Fund's strategic benchmark is controlled through a risk budgeting framework, rather than constraining risk by limiting allocations to particular asset classes. In addition, BlackRock maintains the flexibility to deviate meaningfully from the strategic benchmark with the objective of managing overall portfolio risk and minimising performance downside at market extremes, should in the Fund's assessment, market conditions warrant.

For more information about the Fund's investment strategy, including the Fund's investment objective, refer to the *OneAnswer Investment Funds Guide*.

2. Investment manager

BlackRock is the investment manager of the Fund. BlackRock is licensed by ASIC, which is responsible for regulating the operation of managed investment schemes like the Fund.

Each BlackRock Underlying Fund is managed by and/or has appointed as their investment manager a member of the BlackRock Group.

The implementation of the investment strategies, including those of the BlackRock Underlying Funds, are considered institutional BlackRock Group capabilities, meaning they do not rely on the involvement of any particular individual.

The responsibilities and obligations of an investment manager are generally governed by a fund's constitution, articles of association, trust deed, or other equivalent governing document, terms of the investment management arrangement to which the investment manager and fund may be party to and any applicable laws or regulations.

The Fund's constitution contains a number of provisions relating to the rights, terms, conditions and obligations.

Some of the main provisions which relate to investor rights under the Fund's constitution include:

- the right to share in the Fund income and how it is calculated
- the right to withdraw from the Fund and the entitlement on withdrawal or if the Fund is wound up
- the nature of the units and rights to attend and vote at a meeting of unit holders – these mainly reflect the requirements of the Corporations Act, which also deals with unit holders rights to requisition or call a meeting
- resolutions passed by a requisite majority at a meeting of unit holders are binding on all unit holders
- when BlackRock can and what happens if it terminates the Fund
- when BlackRock can amend the Fund's constitution. Generally, it can only be amended where changes will not adversely affect rights of an investor. Otherwise, the constitution can only be amended if approved by special resolution at a meeting of unit holders
- the right to refuse to accept applications for units or record any transfer of units without giving any reason
- the right to cancel units issued to a unit holder if cleared funds are not received by the Fund
- broad powers to invest, borrow and generally manage the Fund. The BlackRock Responsible Entity does not currently intend to borrow funds to acquire assets for the Fund, although this is permitted under the Fund's constitution. BlackRock may only borrow if it considers it to be in the best interests of unit holders.

The constitution of the Fund provides that the liability of each unit holder is generally limited to its investment in the Fund. A unit holder is not required to indemnify the BlackRock Responsible Entity or its creditors in respect of the Fund. However, no complete assurance can be given in this regard, as the ultimate liability of a unit holder has not been finally determined by the courts.

The constitutions of underlying funds managed by the BlackRock Responsible Entity or another entity within the BlackRock Group generally contain similar provisions to those outlined above. The trust deed (or equivalent governing document) of underlying funds not managed by the BlackRock Responsible Entity or another entity within the BlackRock Group (but who have appointed as their investment manager a member of the BlackRock Group) may include provisions in relation to matters similar to those constitutional provisions already outlined.

The BlackRock Responsible Entity uses a global service delivery model across the BlackRock Group to deliver superior outcomes to its clients. In the delivery of functions, powers and duties to clients, the BlackRock Group uses multiple entities of the BlackRock Group (in addition to the BlackRock Responsible Entity). For example, global order routing entails the use of multiple trading desks located in various regions and the use of global centres of excellence allows certain related parties to specialise in functions such as investment operations and portfolio management. Even though the BlackRock Group uses offshore related parties, the BlackRock Responsible Entity has systems and procedures in place as the holder of an Australian financial service licence to monitor and supervise the services provided by its related parties. The BlackRock Responsible Entity remains responsible and liable for the acts and omissions of any related party.

All BlackRock Underlying Funds have appointed a member of the BlackRock Group as their investment manager pursuant to an investment management arrangement, to provide investment management services. Provisions within the investment management arrangements of any such BlackRock Underlying Funds, which may affect unit holders of the Fund, may include:

- the terms and scope of appointment of the investment manager (for example, in some instances, the investment manager will be appointed for an initial term and then for subsequent annual terms, subject to their appointment being terminated)
- any restrictions placed on the investment manager in terms of the permitted investments for the Fund
- the investment manager's entitlement to receive a management fee, any performance fee and other amounts payable out of the assets of the Fund
- the liability of the investment manager (for example, in circumstances where the investment manager acts with negligence, wilful misconduct or bad faith)
- the liability of the investment manager for acts of third parties such as banks, brokers or agents
- the provision of indemnities, for example, in circumstances where there is no negligence, wilful misconduct or bad faith on the part of the indemnified party
- when the investment management arrangement may be terminated. While each investment management arrangement may include termination provisions (which are generally on normal commercial terms), as all appointed investment managers are BlackRock Group entities, it is not expected that any such termination provision will be materially relied upon by either the relevant BlackRock Underlying Fund or its investment manager.

Service providers

A number of key service providers have been engaged to assist with the ongoing operation and administration of the Fund and the BlackRock Underlying Funds. A summary of key service providers of the Fund is provided below.

The Fund and each BlackRock Underlying Fund have entered into separate arrangements with each of their key service providers, which generally set out the terms and conditions of the service provider's appointment, where applicable, specified benchmarks and service levels, as well as the consequences of any breaches to the terms of the appointment.

Before any key service provider is engaged by the BlackRock Group a due diligence exercise or assessment of the prospective key service provider is generally undertaken. Consideration and continuous monitoring of key service providers is also undertaken through day-to-day dealings with these entities.

- Custodian – JP Morgan Chase Bank, N.A.

  A custodian provides custodial services to a fund and is responsible for the safekeeping of Fund assets.

  A custodian's role is generally limited to holding the assets of a fund and acting on behalf of the responsible entity or the fund's board of directors (as applicable) and acting in accordance with instructions from the responsible entity or the fund's board of directors (as applicable), except in limited circumstances where the custodian has a discretion to act without instructions.

  A custodian has no supervisory obligation to ensure that the responsible entity or the fund's board of directors (as applicable) complies with its obligations as responsible entity or board (as applicable) of a fund. The responsible entity or fund board of directors (as applicable) will also remain liable to unit holders for acts and omissions of the appointed custodian.

  The custodian may change from time to time but must satisfy any relevant regulatory requirements.

  The Fund and the BlackRock Underlying Funds do not generally request specific requirements in respect of the custodial arrangements of the underlying fund(s) into which they invest. Custodial arrangements are considered at each level of the investment structure, through the oversight and management of each fund.

- Administrator – JP Morgan Chase Bank, N.A.

  An administrator provides administration services to the Fund. These services include valuation and unit pricing, fund accounting, distribution preparation and preparation of financial statements.

- Auditor – Deloitte Touche Tohmatsu

  The Fund must have an appointed independent auditor of the financial statements.

- Prime broker

  While the Fund has not appointed a prime broker, some of the BlackRock Underlying Funds have. The prime broker of a fund generally provides clearing, settlement, financing, stock borrowing, foreign exchange facilities and reporting services.

Changes to key service providers

The key service providers detailed in this document may change from time to time. Investors will be notified of any such changes in accordance with the Fund's obligations under the Corporations Act.

Risk management

The Fund and the BlackRock Underlying Funds benefit from the BlackRock Group's global expertise and risk management practices, with investment strategies employed across the BlackRock Group being continuously monitored and assessed.

Asset exposures are constantly monitored to ensure all BlackRock Group funds remain within permitted investment parameters. Operating and investment processes are continuously reviewed through a combination of internal and external audit, regular compliance monitoring, management self-assessment procedures and risk management oversight.

Management of key controls and performance measurement is accomplished through routine reporting on investment activities. The BlackRock Group's automated systems produce reports which enable the ongoing monitoring of trading and investment activity against assigned limits, including individual trader and counterparty limits. Transactions that may result in exceptions to the established limits must have appropriate approval in accordance with internally documented policies.

Departmental oversight

The BlackRock Group has operational functions which help in the implementation of its risk management framework, including:

- Risk and Quantitative Analysis Monitors the continuing development of process controls and functional segregation in conjunction with relevant business units to ensure that these remain robust and appropriate to the needs of the business. The Risk and Quantitative Analysis Team also measure and monitor all BlackRock Group funds.
- Legal and Compliance Responsible for the identification, communication and control of applicable legislation and restrictions. Compliance staff also conduct periodic compliance reviews of key processes and work closely with management to develop suitable controls.
- Internal Audit Responsible for the review of internal processes and controls.
- Counterparty and Concentration Risk Group Responsible for managing counterparty risk across the BlackRock Group. The Counterparty and Concentration Risk Group monitors and assesses counterparty exposures arising from a wide range of financial instruments.

Additional information

Further information about the key service providers and appointed investment managers of some of the BlackRock Underlying Funds is provided in *Information on BlackRock Underlying Funds* available on the Fund website.

3. Fund structure

What does the Fund invest in?

The Fund and the BlackRock Underlying Funds may also invest in direct assets in addition to the key entities shown in the Fund structure diagram in this section.

The Fund may invest in physical instruments (including equities, listed property trusts, limited partnerships, currency, fixed income, exchange traded funds, cash and commodities), derivatives (including futures, options, swaps and forward foreign exchange contracts) and structured instruments (which may include a combination of physical instruments and derivatives). Asset class exposures and the implementation of investment strategies are gained either by investing directly in physical instruments, through derivative overlays, or by investing in BlackRock Underlying Funds.

BlackRock Underlying Funds generally invest in Australian equities and fixed income, international equities and fixed income and other asset markets (which may include a combination of physical instruments and derivatives).

Each fund within the investment structure may also hold cash (or cash equivalents, including other BlackRock Group funds) for cash flow management purposes or as collateral for derivative/short positions.

The diagram in this section shows the key entities involved in the Fund's investment structure and the flow of investment money through the structure.

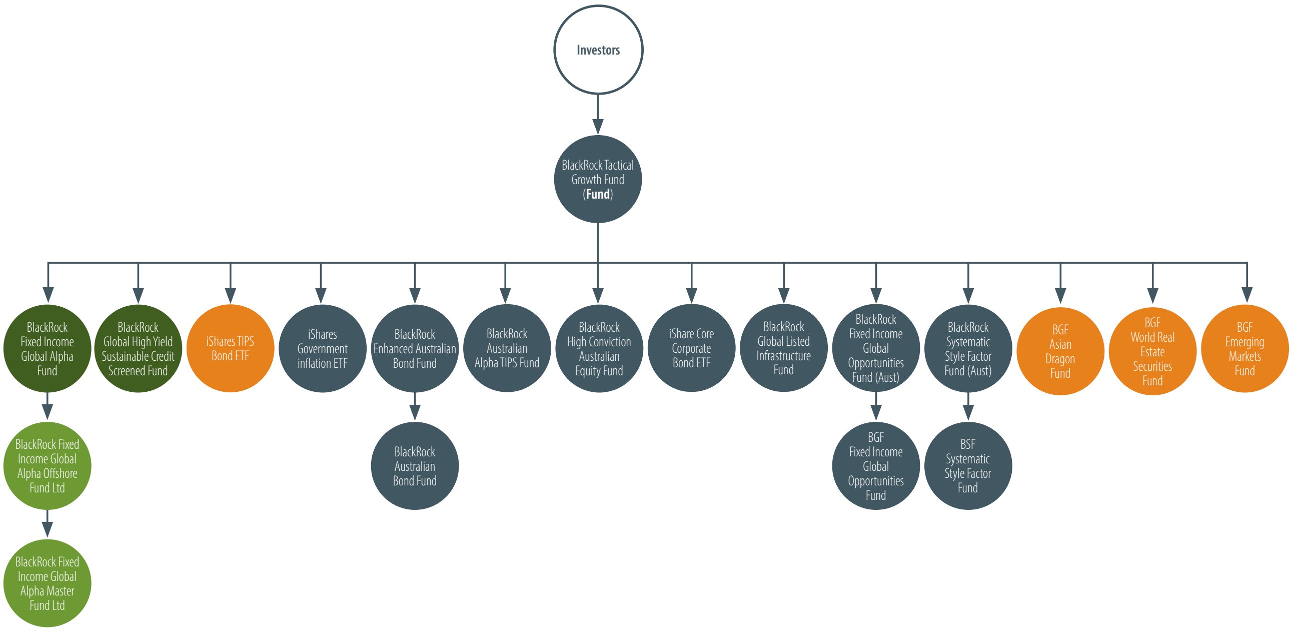
Information about the BlackRock Underlying Funds is available in the Fund's PDS and can be obtained by contacting the Fund directly (refer to the Fund website for contact details). We will also provide the Fund's PDS free of charge, on request.

Diversification guidelines and asset allocation

While the Fund does not have formal diversification guidelines or specific asset allocation ranges or limits, the Fund is generally managed in line with its strategic benchmark (see '1. Investment strategy' in this section). BlackRock also considers and monitors diversification as part of its management of the investment strategy of the Fund.

Fund structure

This diagram shows the Fund's investment structure. For information about the structure of the BlackRock Underlying Funds, refer to the Fund website and PDS.



4. Valuation, location and custody of assets

The Fund is an Australian registered managed investment scheme and is denominated in Australian dollars.

The Fund and the BlackRock Underlying Funds do not seek to restrict the underlying funds into which they invest with regard to the permitted geographic location of any such underlying fund, its manager, or the focus of its investing. These considerations are taken into account as part of the due diligence review of a BlackRock Underlying Fund and as part of the oversight and management of the each fund in the investment structure.

Valuation of assets

Where assets of the Fund and the BlackRock Underlying Funds are not listed on a securities exchange, they are generally valued by an independent administrator or an independent valuation service provider.

Location of assets

As a global fund with a broad investment universe, physical instruments held by the Fund may be denominated in any global currency and may be located in any country of the world. BlackRock Underlying Funds are generally domiciled in Australia, the Cayman Islands, Luxembourg or Ireland and are generally denominated in either US or Australian Dollars. BlackRock Underlying Funds generally invest in Australian equities and fixed income, international equities and fixed income and other asset markets.

Custody of assets

The Fund and the BlackRock Underlying Funds have each engaged an independent custodian.

5. Liquidity

Under normal market conditions BlackRock reasonably expects, should the need arise, to be able to realise at least 80% of the Fund's assets, including investment in the BlackRock Underlying Funds, at the value ascribed to those assets in calculating the Fund's NAV, within 10 days.

The Fund and the BlackRock Underlying Funds do not set any specific restrictions in terms of the liquidity of the underlying funds into which they invest. The liquidity characteristics of portfolio holdings is considered as part of the due diligence review of an underlying fund and as part of the oversight and management of each fund in the investment structure.

The BlackRock Group's risk management practices include the regular monitoring of the liquidity characteristics of BlackRock Group funds and the assets in which they invest, to seek to ensure funds remain within permitted investment parameters.

See Section 4.4 for information about liquidity risk and how this risk will be managed.

6. Leverage

The Fund does not enter into borrowing arrangements for investment purposes, other than temporary overdrafts which may be used as a means of managing certain cash flows. The Fund will, however, gain leveraged exposure through its use of derivatives and short-selling and its exposure to some BlackRock Underlying Funds, which may utilise leverage in their investment program. Leverage may be used by the Fund and some BlackRock Underlying Funds to increase buying power or to take advantage of market opportunities, where consistent with the investment strategy of the Fund.

While there is no explicit maximum level of gross leverage that the Fund may be exposed, the gross level of leverage is expected to range between approximately one and five times NAV.

The leverage of the Fund may fluctuate from time to time depending on changes to the embedded leverage to which the Fund is exposed as a result of its exposure to leveraged BlackRock Underlying Funds. Such embedded leverage may change due to variations in the investment activity and security exposures of a BlackRock Underlying Fund. For example, greater investment by a BlackRock Underlying Fund in shorter dated, lower volatility, fixed income securities may require the BlackRock Underlying Fund to increase its leverage exposure in order to achieve its stated investment objectives. Conversely, greater investment by a BlackRock Underlying Fund in higher volatility securities, like equities or commodities, may require that BlackRock Underlying Fund to reduce its leverage exposure in order to achieve its stated investment objectives.

Where the Fund is exposed to leverage through its investment in a BlackRock Underlying Fund, any potential loss is generally limited to the capital allocated to that BlackRock Underlying Fund.

The Fund and leveraged BlackRock Underlying Funds may obtain leverage from brokers, banks and other counterparties. Where permitted, leverage may be achieved through, among other methods, borrowing, purchasing financial instruments on margin and investing in derivative instruments that are inherently leveraged.

The Fund and the BlackRock Underlying Funds do not specify any particular acceptable types of leverage to be used by the underlying funds into which they invest or set any limits in terms of the gross level of leverage used. Leverage exposure is controlled at each level of the investment structure, through the oversight and management of each fund's investment strategy.

When the Fund or a BlackRock Underlying Fund enters into a leverage arrangement (for example where the Fund enters into an over the counter (OTC) derivative transaction) or where a BlackRock Underlying Fund has engaged a prime broker, fund assets may be used as collateral or as a security interest, which may be otherwise encumbered or subject to set-off rights in the event of insolvency (or other events of default). In such circumstances, amounts owing may be set off between the parties and the non-insolvent/non-defaulting party may rank as an unsecured creditor in respect of amounts owing by the insolvent/defaulting party.

Examples of the use of leverage

Provided below are examples of how leverage applied to relative value trades can affect Fund performance.

The examples have been simplified for illustrative purposes and do not take into account all the costs and fees associated with short-selling.

See Section 4.4 for information about the risks associated with the use of leverage.

Example 1: No leverage, portfolio holds Stock A (long)

This example illustrates that a long only portfolio has just one source of positive returns. Positive returns will be experienced only where a stock increases in value. Negative returns will be experienced where a stock decreases in value.

	Stock A appreciates 5%	Stock A depreciates 5%
Value of stock position before appreciation/depreciation		
Stock A (long)	$1,000	$1,000
Value of stock position after appreciation/depreciation		
Stock A (long)	$1,050	$950
Gain/Loss	**$50**	**-$50**

Example 2: Portfolio engages in relative value trading and holds Stock A (long) relative to Stock B (short). Gross leverage 5 times. Strategy is performing as expected.

This example illustrates that a portfolio utilising relative value trading has two sources of positive returns and may experience positive returns where the value of stocks rise and fall. Positive returns will be experienced where:

1. Stock A held long increases in value by a greater amount than that of Stock B held short, or
2. Stock A held long decreases in value by a lesser amount than that of Stock B held short.

	Stock A appreciates 7%, while Stock B appreciates 2%	Stock A depreciates 2%, while Stock B depreciates 7%
Value of stock position before appreciation/depreciation		
Stock A (long)	$2,500	$2,500
Stock B (short)	-$2,500	-$2,500
Value of stock position after appreciation/depreciation		
Stock A (long)	$2,675	$2,450
Stock B (short)	-$2,550	-$2,325
Gain/(Loss)	**$125**	**$125**

Example 3: Portfolio engages in relative value trading and holds Stock A (long) relative to Stock B (short). Gross leverage 5 times. Strategy is not performing as expected.

This example illustrates that a portfolio utilising relative value trading may also experience negative returns. Negative returns will be experienced where:

1. Stock A held long increases in value by a lesser amount than that of Stock B held short, or
2. Stock A held long decreases in value by a greater amount than that of Stock B held short.

	Stock A appreciates 2%, while Stock B appreciates 7%	Stock A depreciates 7%, while Stock B depreciates 2%
Value of stock position before appreciation/depreciation		
Stock A (long)	$2,500	$2,500
Stock B (short)	-$2,500	-$2,500
Value of stock position after appreciation/depreciation		
Stock A (long)	$2,550	$2,450
Stock B (short)	-$2,675	-$2,325
Gain/(Loss)	**-$125**	**-$125**

7. Derivatives

Derivatives are financial instruments whose value is derived from another security, commodity, currency, or index. The use of these instruments can reduce the costs of managing exposure to investment markets and makes possible a wider universe of investment opportunities. Asset allocation positions of the Fund may be implemented through derivatives, along with investments in BlackRock Underlying Funds. Derivatives are also used to ensure that underlying asset exposures of the Fund are consistent with the Fund's strategic benchmark. Derivatives may also be used to deviate from the Fund's strategic benchmark from time to time to manage total portfolio risk.

The Fund and the BlackRock Underlying Funds may use derivatives, both exchange traded and OTC and in some instances derivative use may be extensive. Derivatives including, but not limited to futures, options, swaps and forwards, may be used for, but not limited to, the following reasons:

- hedge an asset of the Fund against, or minimise liability from a fluctuation in market values
- reduce volatility and/or assist with managing total portfolio risk
- achieve a targeted exposure to a particular underlying asset and adjusting asset exposures such as swapping one asset exposure with another
- reduce the transaction cost of achieving a targeted exposure
- obtain prices that may not be available in the physical market
- achieve transactional efficiency, for example by assisting in the achievement of the best execution of security transactions
- control the impact on portfolio valuations of market movements caused by significant transactions
- achieve a desired level of leverage (where applicable).

The Fund may also use structured investment instruments from time to time in pursuit of its investment objective.

The Fund and the BlackRock Underlying Funds do not specify any particular approved types of derivatives to be used by underlying funds into which they invest or set any limits on derivative exposure. Derivative exposure is controlled at each level of the investment structure, through the oversight and management of each fund's investment strategy.

Derivative counterparty oversight

In accordance with standard industry practice when purchasing derivative instruments a fund may be required to secure its obligations to a counterparty. This may involve the placing of margin deposits or equivalent with the counterparty which may or may not be segregated from the counterparty's own assets. A fund may have a right to the return of equivalent assets. These deposits or equivalent may exceed the value of the Fund's obligations to the counterparty as the counterparty may require excess margin or collateral.

All counterparties of the BlackRock Group are formally approved by the BlackRock Group's Counterparty and Concentration Risk Group, prior to a fund engaging in any transaction with a particular counterparty. No transaction may be entered into with a counterparty that has not previously been approved.

The BlackRock Group prefers to have multiple counterparties for liquidity, risk management and best execution purposes. The counterparties with which the BlackRock Group trade must have broad market coverage. Positions are marked-to-market on a regular basis and exposure to each counterparty is monitored. Transaction documentation is implemented where appropriate to minimise exposure to individual counterparties. To monitor post-trade counterparty risk, the BlackRock Group has implemented strong technological infrastructure and proprietary internal review processes. The BlackRock Group also has a number of reporting tools that allow it to manage counterparty exposure, balancing net exposures to its different counterparties. Where necessary, credit risk exposure to counterparties can be adjusted, both at the individual portfolio level and at the aggregate firm-wide level.

See Section 4.4 for information about derivative and counterparty risks.

8. Short selling

Long/short investing

The Fund and a number of the BlackRock Underlying Funds may engage in short selling. The Fund and the BlackRock Underlying Funds do not seek to restrict the investment strategies of the underlying funds into which they invest with regard to their use of short selling including the level of short-selling that may be undertaken. Short-selling exposure is controlled at each level of the investment structure, through the oversight and management of each fund's investment strategy.

Unlike 'long only' investments, which have just one source of return, that is buying securities that are expected to rise in value, long/short strategies have two sources of potential return. A fund that employs a long/short investment strategy can generate returns by owning securities that the manager expects will rise in value (long). At the same time a fund can sell (short) securities that are expected to decrease in value. This latter process is known as 'short-selling'.

The Fund may be exposed to investment strategies that engage in short selling either directly through borrowing and selling physical securities or synthetically through derivatives.

To implement short selling using direct securities, a fund will borrow securities from a counterparty that is a securities lender, with the promise to return equivalent securities at a specified time in the future to that counterparty. The borrowed securities will then be sold by the Fund on the open market. If the security falls in value, the Fund will purchase the security and return those securities to the lender, thus generating a profit. However, if the security increases in value, this will generate a loss for the Fund.

To implement short selling using derivatives a fund may utilise futures, options or other instruments, which derive their value from another reference rate or asset. For example, a fund may sell exchange traded bond futures. If the futures decline in value this has a positive performance impact on the Fund. However if the futures increase in value, this has a negative performance impact on the Fund.

The Fund is not limited in using exchange traded bond futures to implement its short-selling strategies and may use derivatives which are not exchange-traded.

See Section 4.4 for information about the risks associated with short selling.

Example of short-selling

A fund manager may have been tracking a mining company, Company A, and believes that due to slowing global demand, raw materials prices will soften. The fund manager therefore believes that Company A's share price is also likely to fall.

To act on this belief the fund manager decides that they want to short sell Company A's shares in September that year, when they are valued at $20.00 per share. However, the fund does not hold any of Company A's shares. The fund therefore borrows 10,000 Company A shares from a stock lender (such as an investment bank or a broker), who lends the fund the Company A shares for a fee (in the same way banks charge borrowers). The fund then sells the Company A shares and deposits the sale proceeds, $200,000, into an interest earning bank account. The fund buys back the 10,000 shares of Company A in December that year, when they are valued at $15.00 per share, at a cost of $150,000. The Company A shares are returned to the stock lender.

The fund profits from the difference between the price at which they sold and brought back the Company A shares, being $50,000 ($200,000 minus $150,000). The fund also benefits from any interest earned on the $200,000 while it was on deposit in the bank account. The fund will, however, have to pay the stock lender's fee, as well as any dividends paid on Company A's shares during the period in which the fund was short the Company A shares. There may be other costs of maintaining a short position, for example franking benefits payable.

If on the other hand, the outlook for Company A improves, the share price of Company A may continue to increase, resulting in a loss for the fund. In December that year the share price of Company A rises to $25.00 and the fund manager believes this will continue. The fund therefore buys back the 10,000 shares at a cost of $250,000. This results in a loss of $50,000 ($200,000 minus $250,000) for the fund.

4.4 Risks of investing

The Fund's investment strategy (including its exposure to short-selling, derivatives, liquidity and leverage) and investment structure all have specific risks which investors should consider before making an investment decision. These risks are described below.

General risks* associated with investing in hedge funds are described in the *OneAnswer Investment Funds Guide* which can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

* Please note that in the *OneAnswer Investment Funds Guide*, information about leverage risk is provided under the heading 'Gearing'.

Risks specific to the Fund and the BlackRock Underlying Funds

Asset-backed and mortgage-backed securities risk

The Fund may be exposed to asset-backed securities (ABS) and mortgage-backed securities (MBS). The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. ABS and MBS are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected. These risks may have a substantial impact on the timing and size of the cash flows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

Commodities related investments risk

The Fund may be exposed to the commodities markets, which may cause greater volatility to investment returns than more traditional securities. The value of commodity-linked securities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Conflicts of interest risk

Certain conflicts of interest may arise in the operation of a BlackRock Group fund. Fund structures may involve members of the BlackRock Group acting in more than one capacity, while BlackRock Group funds may hold OTC derivative agreements where a member of the BlackRock Group is acting (in different capacities) on both sides of the agreement. BlackRock Group funds may be invested in by persons associated with the BlackRock Group or by other funds and accounts managed by different members of the BlackRock Group. Investors in a fund may, in some instances, invest on different terms to each other, some of which may be more favourable than others. Each investor in a fund may act in a way which is adverse to the interests of other investors in that fund. Additionally, funds and accounts managed by different members of the BlackRock Group may act as a seed investor in a BlackRock Group fund, which may create a commercial opportunity for the BlackRock Group. For example, a seed investment may allow the BlackRock Group to establish a track record for a fund that can then be sold to other clients. Certain investment strategies of the BlackRock Group may conflict with each other and may affect the price and availability of securities in which to invest. Members of the BlackRock Group may also give advice or take action with respect to any of their clients which may differ from the advice given or the timing or nature of any action taken with respect to the investments of other BlackRock Group funds or accounts.

While conflicts of interest may arise from time to time, the BlackRock Group has established policies and procedures in place to manage any such conflict, which includes ensuring transactions between BlackRock Group entities are conducted on an arm's length commercial basis.

Counterparty risk

Information about this risk is provided in the *OneAnswer Investment Funds Guide*.

Derivative risk

The Fund may be exposed to derivative securities. The use of derivatives expose a fund to different risks as opposed to investing directly in a security. For example, derivatives can cause a fund to make greater gains or incur greater losses than the gains and losses of the underlying security in relation to which the derivative derives its value.

Derivative transactions may be subject to the risk that a counterparty to the transaction will wholly or partially fail to perform their contractual obligations under the arrangement (including failing to meet collateral requirements under the arrangement). Additionally, OTC markets are not guaranteed by an exchange or clearing corporation and generally do not require payment of margin. To the extent that a fund has unrealised gains in such instruments or has deposited collateral with its counterparty that fund is at risk that its counterparty will become bankrupt or otherwise fail to honour its obligations. Derivative transactions may also expose a fund to a risk of potential illiquidity if the derivative instrument is difficult to purchase or sell.

The BlackRock Group attempts to minimise these risks by engaging in derivative transactions only with financial institutions that have substantial capital or that have provided a third-party guarantee or other credit enhancement.

Distressed securities risk

The Fund may be exposed to distressed securities which are generally considered speculative and involve substantial risks in addition to the risks of investing in junk bonds. Investors in such securities will generally not receive interest payments on the distressed securities and may incur costs to protect their investment. In addition, distressed securities involve the substantial risk that the principal will not be repaid. These securities may present a substantial risk of default or may be in default at the time of investment. An investor in distressed securities may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal of or interest on its portfolio holdings. In any reorganisation or liquidation proceeding relating to a portfolio company, the investor of distressed securities may lose their entire investment or may be required to accept cash or securities with a value less than its original investment. Distressed securities and any securities received in an exchange for such securities may be subject to restrictions on resale.

Equity security risk

Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. Dividend payments from shares may also vary over time.

Fixed income securities risk

The Fund may be exposed to fixed income securities. There are a number of risks associated with an investment in fixed income securities, which can result in significant variability in investment returns and a loss of income or capital value. These include:

- **Credit risk** The value of a fund investing in fixed income securities is affected by the perceived or actual credit worthiness of the issuer of the security. A perceived or actual deterioration of credit quality (e.g. an issuer credit downgrade or credit event leading to a revised premium attributable to investment due to credit worthiness downgrade) of a fixed income security will adversely impact the value of such investment.
- **Interest rate risk** An increase in interest rates will cause the values of fixed income securities, in particular fixed rate securities, to decline, which will in turn impact the returns of a fund investing in such securities. Interest rate risk is generally lower for shorter term fixed income investments and higher for longer term fixed income investments.

- **Income risk** A fund investing in fixed income securities may experience a decline in income where market interest rates are falling. This can result when a fund reinvests in securities at a lower yield than the current fund portfolio yield.
- **Issuer risk** Corporate issuers of fixed income securities may willingly or unwillingly default on their obligation to make interest or principal payments. Similarly, sovereign issuers (that is, governments of a country or an agency backed by a government) may refuse to comply with their obligations during economically difficult or politically volatile times. Such events may cause a downgrade in the credit rating of an issuer and/or its fixed income security, which in turn may cause the value of the fixed income security to fall. There is also no assurance that an issuer of fixed income securities will continue to issue the fixed income securities or keep that particular fixed income securities market open.
- **Spread risk** The prevailing rates of compensation for creditworthiness of issuers of instruments (spread) is affected by market factors including sentiment, supply and demand and general economic conditions. A change in these factors, which impact spread, can negatively impact the yield earned by a fund investing in credit instruments.

Foreign investment risk

Exposure to securities or derivative instruments issued in foreign markets may include certain risks associated with:

- differences in trading, settlement and clearing procedures that may restrict trading (as a result of suspensions or daily quotas), increase default or market operational risks or require securities to be held on a beneficial basis via a depositary nominee
- currency risk, the risk that foreign currencies change in value relative to the Australian dollar, which may affect a fund's investment returns. These movements may either add to or subtract from performance. Passive currency management may be undertaken, however, it may not be possible to perfectly match performance of the hedging relative to that of its benchmark. Additionally, active currency management may be undertaken from to time, with a view to manage risk and return. Currency management can result in capital losses and investment returns are not guaranteed
- countries may be subject to considerable degrees of market volatility, economic, political and social instability, which may reduce or preclude the ability to trade security exposures or negatively affect a security's value
- differences in accounting, financial reporting, taxation, legal, regulatory, liquidity and pricing practices that are subject to change and if so may adversely affect a fund.

Fund risk

The price of units in a fund and the income from them may go down as well as up. Investors may not get back their original investment. There can be no assurance that a fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. Capital return and income of a fund is based on the capital appreciation and income of the securities invested in, less expenses incurred. Fund returns may fluctuate in response to changes in such capital appreciation or income. The payment of distributions is at the discretion of the fund issuer, taking into account various factors and its own distribution policy. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. Investing in a fund may result in a different tax outcome than investing in securities directly. The application of tax laws and certain events occurring within a fund may result in you receiving some of your investment back as income in the form of a distribution. A fund will generally not be managed with consideration of the individual circumstances, including specific tax considerations, applicable to any single unitholder in the fund. Past performance is not indicative of future performance.

Individual investment risk

Individual securities held by a fund can and do fall in value for many reasons. Both price and levels of income are subject to fluctuation. Returns from individual securities will vary and price movements can be volatile.

International investing

Information about this risk is provided in the *OneAnswer Investment Funds Guide*.

Junk bonds risk

Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that may cause income and principal losses.

Leverage risk

The Fund may be exposed to investment strategies that use leverage. The exposure of a leveraged portfolio to movements in the instruments and markets in which it invests can be greater than the value of the assets within the portfolio. Therefore, if a leveraged portfolio generates a positive return, the returns will be greater than the returns generated by an equivalent unleveraged portfolio. Similarly, if the investments generate a negative return, the losses will be greater than the losses generated by an equivalent unleveraged portfolio.

Liquidity risk

The Fund may be exposed to securities with limited liquidity, which are in practice infrequently traded or for which typical daily volumes traded are small. It may not be possible to sell such securities when it is desirable to do so or to realise what the manager perceives to be their fair value in the event of a sale. The Fund may also be exposed to other pooled investment vehicles which may, in certain circumstances, limit or suspend redemptions rights. The general level of market liquidity also varies and may deteriorate. Such a deterioration may negatively impact the ability to trade Fund securities and may negatively affect the price at which a trade is executed. These circumstances could impair the Fund's ability to make distributions to a redeeming unit holder in a timely manner and a fund may need to consider suspending redemptions. The BlackRock Group aims to reduce these risks by understanding the liquidity characteristics of securities a fund is exposed to and plans trading so as to minimise the adverse consequences of low liquidity.

Market risk

Information about this risk is provided in the *OneAnswer Investment Funds Guide*.

New fund/investment strategy risk

The Fund may be exposed to new funds/investment strategies, which have little or no operating history upon which investors can evaluate the anticipated performance of the investment. Any performance information will therefore be short term in nature. Performance returns over the short term may not be indicative of long-term performance.

Operational risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Adverse impacts may arise internally through human error, technology or infrastructure changes, or through external events such as third party failures or crisis events. The BlackRock Group has procedures in place to manage these risks and, as much as possible, monitor the controls within these procedures to ensure operational risks are adequately managed.

Property risk

The Fund may be exposed to property securities. The risk level varies between development property (higher risk) and existing property (lower risk). Property also tends to have a unique cycle, which is different to shares and other asset classes.

Particular external factors affecting property include liquidity, interest rates, diversity of direct property holdings, the quality of properties, proximity to competing properties, current and expected income and other economic conditions that may affect supply and demand.

Property exposure in the Fund may be obtained via holdings in listed property securities or via derivative contracts based on these securities. In addition to the above risks, these vehicles may be subject to refinancing risk associated with any borrowings made in order to acquire properties, may have limited financial resources and may trade less frequently and in limited volume. Listed property securities are valued daily according to their last quoted market price.

Reduced regulatory oversight

The Fund may be exposed to other funds domiciled in jurisdictions other than Australia. The laws in such jurisdictions may differ from those in Australia and therefore may not necessarily provide the same level of protection to shareholders as schemes registered in Australia and subject to Australian regulations and conditions. Such differences in regulation could also impact the regulatory obligations of an investment vehicle's key service providers, including, but not limited to, its custodian, administrator and auditor.

Regulatory and business risk

Changes in corporate, taxation or other relevant laws, regulations or rules may adversely affect an investment. For example, such changes may adversely affect a fund's ability to execute certain investment strategies, which could have a material effect on performance. The laws affecting registered managed investment schemes may also change in the future.

Short-selling risk

The Fund may be exposed to investment strategies that engage in short-selling. Short-selling allows the holder of a short position to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of covering the short position. Furthermore covering a short position may include activities which increase the price of the security (or the reference security if in a derivative contract) thereby exacerbating any loss.

As part of a short sale transaction, the investor establishing the short position (Borrower) will borrow securities from a securities lender (Lender). The Borrower is required to transfer collateral, usually in the form of cash or securities (Collateral) to the Lender. The Collateral transferred to the Lender is not required to be segregated from the Lender's other assets and may be dealt with, lent, disposed of, pledged or otherwise used by the Lender for its own purposes. In the event of the insolvency of the Lender, the Borrower will rank as an unsecured creditor of the Lender in relation to any Collateral transferred to the Lender and the Borrower may not be able to recover amounts due to it in respect of such Collateral in full. This means that the Borrower has exposure to counterparty risk with the Lender of any short sale transaction to which it is exposed.

The BlackRock Group seeks to manage the risks associated with short-selling through its portfolio construction processes. Short positions are periodically rebalanced, so as to reduce the risk of substantial changes in the price of the short security and exposure limits may be imposed with regards to single stock positions, in order to mitigate potential losses.

When a short position is established through a derivative contract, the position may give rise to the risks detailed under 'Derivative risk' above.

Speculative investment strategy risk

A number of the investment strategies to which the Fund may be exposed are speculative and entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that the investment strategies will be successful. In fact, certain securities, financial instruments and investment practices described in this document can, in some circumstances, increase the potential adverse impact on investment returns.

Tracking error risk

The Fund may be exposed to investment strategies that seek to track the returns of a particular index. The return of such strategies may not correlate exactly with the index it is designed to match. Factors such as the fees and expenses of the strategy, imperfect correlation between portfolio security holdings and the securities constituting the index, inability to rebalance portfolio security holdings in response to changes in the constituents of the index, rounding of prices, changes to the index and regulatory policies may affect the ability of the manager of an index tracking strategy to achieve close correlation with the index. Returns may therefore deviate from the index it is designed to match. Index tracking strategies that employ an optimisation strategy may incur tracking error risk to a greater extent than an index tracking strategy that seeks to fully replicate an index.

Underlying fund risk

The Fund may implement some or all of its investment strategy through an investment in underlying funds. The Fund and BlackRock Underlying Funds are managed as separate entities, with separate investment objectives and investment strategies. No guarantee can be given that the underlying funds will meet their investment objective, continue to be managed according to their current investment strategy or be open to investments in the future. Changes to a BlackRock Underlying Fund may be made without unit holder approval. Should a BlackRock Underlying Fund change its investment objective or investment strategy, the Fund will review such changes with consideration to the investment objective and strategy of the Fund. Further, if a BlackRock Underlying Fund were to be suspended, closed or terminated for any reason, the Fund would be exposed to those changes.

5. PLATINUM FUNDS

In this section
5.1 The Funds
5.2 Benchmarks
5.3 Disclosure Principles
5.4 Risks of investing

5.1 The Funds

- Platinum Asia Fund ARSN 104 043 110
- Platinum International Fund ARSN 089 528 307

Investment in the Platinum International Fund and the Platinum Asia Fund (each a 'Fund', and collectively referred to as 'the Funds' for the purposes of this section) is offered and managed by Platinum Investment Management Limited ABN 25 063 565 006, AFSL 221935 trading as Platinum Asset Management (Platinum).

Each of the Funds is a managed investment scheme registered with ASIC. The operation of each Fund is regulated by the Corporations Act, the Funds' constitutions and the general law of Australia.

Responsible entity

Platinum acts as responsible entity of the Funds under the Corporations Act.

Fund website

platinum.com.au

PDS

The PDS for each Fund is available online at https://www.platinum.com.au/PlatinumSite/media/Default/pt_pds.pdf. You should refer to the PDS for full information about the Funds.

5.2 Benchmarks

1. Valuation of assets
2. Periodic reporting

1. Valuation of assets

This benchmark requires the responsible entity to have and implement a policy that requires the valuation of the Funds' assets that are not exchange traded to be provided by an independent administrator or an independent valuation service provider.

Platinum's valuation policy requires that the Funds' assets that are not exchange traded be valued using a price provided by The Northern Trust Company or another independent third party, or otherwise determined in accordance with a valuation methodology that has been verified by an independent third party.

2. Periodic reporting

This benchmark requires the responsible entity to have and implement a policy to report on specific information on an annual or monthly basis.

Platinum has policies in place to make daily unit prices for each of the Funds available on its website as soon as practical after the relevant period.

Annual reporting

- Liquidity profile of the Funds
- Maturity profile of financial liabilities relative to the liquidity profile of the portfolio assets
- Leverage ratio
- Derivative counterparties engaged
- Financial reports.

Monthly reporting

- Month-end invested positions/asset allocation
- Month-end net performance of each of the Funds after fees, costs and fund taxes
- Key service providers to each of the Funds
- Material changes in a Fund's risk profile (if any)
- Material changes in a Fund's strategy (if any)
- Changes in the individuals playing a key role in investment decisions for a Fund (if any).

The Fund's monthly update and quarterly investment report provide the latest information about investments held, along with the Portfolio Manager's comments on Fund performance and outlook. These documents are available on the Fund website or by contacting Platinum directly (refer to the Fund website for contact details). We will also provide this information free of charge, on request.

5.3 Disclosure Principles

1. Investment strategy
2. Investment manager
3. Fund structure
4. Valuation, location and custody of assets
5. Liquidity
6. Leverage
7. Derivatives
8. Short-selling

1. Investment strategy

Platinum seeks investments in companies whose businesses and growth prospects are being inappropriately valued by the market.

Each Fund's constitution permits a wide range of investments. However, Platinum typically invests in listed equity securities of companies, cash and cash equivalents, derivatives (including over the counter (OTC) derivatives) and foreign exchange transactions.

The Funds will not invest in unlisted equity securities, except in the case of initial public offers of securities, or where an unlisted securities holding arises inadvertently, for example due to a corporate event. Any investments in such unlisted securities will be kept to a *de minimis* amount at all times.

The portfolios of both Funds are constructed in accordance with Platinum's 'Investment Strategy'.

Further information about each Fund's investment strategy, including each Fund's investment objective, is provided in the Funds' PDS and in the *OneAnswer Investment Funds Guide*.

Platinum Asia Fund

The Fund primarily invests in listed equity securities of Asian companies. Asian companies may list their securities on securities exchanges other than those in Asia, and the Fund may invest in those securities. The Fund may invest in companies not listed in Asia but where their predominant business is conducted in Asia. The Fund may invest in companies that benefit from exposure to the Asian economic region.

Platinum defines 'Asia' as all countries that occupy the eastern part of the Eurasian landmass and its adjacent islands and is separated from Europe by the Ural Mountains, and includes companies based in China, Hong Kong, Taiwan, Korea, Malaysia, Singapore, India, Thailand, Indonesia, Philippines, Sri Lanka, Pakistan and Vietnam.

The Portfolio will ideally consist of 30 to 80 securities that Platinum believes to be undervalued by the market. Cash may be held when undervalued securities cannot be found. Platinum may short-sell securities that it considers overvalued and may also use derivatives. For more information see '8. Short-selling' in this section.

The Portfolio will typically have 50% or more net equity exposure.

Platinum International Fund

This Fund primarily invests in listed securities. The Portfolio will ideally consist of 40 to 80 securities that Platinum believes to be undervalued by the market. Cash may be held when undervalued securities cannot be found. Platinum may short sell securities that it considers overvalued and may also use derivatives. For more information, see '8. Short-selling' in this section.

The Fund will typically have 50% or more net equity exposure.

Investment returns

In Platinum's opinion, investing in a broad range of companies whose businesses and growth prospects are being inappropriately valued by the market provides a foundation for long-term investment returns.

Investment return assumptions

Investing in the shares of a company is a claim on the underlying profits of a company's business. In simple terms, investment returns are determined by amongst other things: initial valuation, subsequent performance of the business, and valuation of the company at the end of the period. The assessment of a company's future prospects is a very significant and challenging part of the day-to-day process of investing. Not only do general economic conditions play a part, but issues such as the behaviour of competitors, technological change, government regulation and management decisions all have a bearing on the future outcomes for a company. Also, understanding the future valuation that a company will attract is no simple task as often this can change quite dramatically with changes in growth rates of earnings.

Diversification guidelines and limits

Each Fund will typically have a net equity exposure of between 50 and 100%. In general, a Fund will seldom invest more than 5% of the Fund's NAV in the securities of a single issuer.

Risk management strategy

Risk management is an integral part of good management and corporate governance practice and in relation to any investment strategy, an element of risk is inevitable.

Platinum views risk primarily as being about the prospect of losing investors' capital. The greatest risk factor is the portfolio's security exposure and Platinum monitors and controls risks through the following channels:

- As a result of Platinum's investment approach, the key risks in the portfolio are the specific risks associated with each individual stock position. Platinum views specific stock risk as a function of its knowledge based on the company and seeks to manage and reduce risk via a process of thorough and in-depth research, scrutiny by the relevant analysts and their peer group as well as ongoing monitoring. Within the portfolio, care will be taken to avoid excessive exposure to areas that have a high co-variance
- From time to time, Platinum may utilise derivatives to manage risk, such as:
  - selling index futures or buying index put options to reduce market risk in the portfolio; and
  - where Platinum has identified stocks that it believed to be overvalued, buying put options over that stock or taking short positions in the stock.

Platinum manages risk associated with currency exposure through the use of derivatives contracts (e.g. foreign exchange forwards, swaps, non-deliverable forwards and currency options) and spot foreign exchange trades. See Section 7.4 for information about risks relevant to the Funds.

Platinum also have a documented Risk Management Policy and have implemented a risk management framework which is based on the Australian/New Zealand Standard AS/NZS ISO 1000:2018 Risk Management – Principles and Guidelines.

Investment strategy changes

The investment strategies of the Funds are unlikely to change. Investors will be notified of any such changes in accordance with the Corporations Act.

Currency

International equity investments create an exposure to foreign currency fluctuations, which can change the value of the equity investments measured in a portfolio's reporting currency (the Australian dollar). Assessment of potential returns and risks created by currency exposure, and appropriate positioning of a Fund's portfolio to attempt to capture those returns, and minimise those risks, are a component of Platinum's investment process.

Platinum may seek to hedge a Fund's foreign currency exposure using foreign exchange forwards, swaps, non-deliverable forwards, currency options and spot foreign exchange trades.

More generally, Platinum will take account of currency exposures in an attempt to maximise returns and minimise risks in a Fund's portfolio. This includes assessing the indirect impact of currency on a business (e.g. the impact of currency fluctuations on a manufacturing company with significant export sales), and the potential for exchange rate movements to amplify or diminish reporting currency returns for a holding. The investment of cash holdings is also undertaken with consideration of the potential currency impact on the cash (as well as interest rate and credit risk considerations).

The aim is for a Fund's portfolio to be exposed to the greatest extent possible to appreciating currencies and to a minimum to depreciating currencies.

For more information, refer to the Funds' PDS.

2. Investment manager

Platinum Investment Management Limited trading as Platinum Asset Management is the manager of the Funds. There have been no significant adverse regulatory findings against Platinum.

Portfolio Managers

Portfolio Managers are investment analysts with stock research responsibilities and retain ultimate responsibility for a Fund's Portfolio construction. The Funds' investment personnel spend as much time as required to seek to accomplish the investment objectives of the Funds.

There have been no regulatory findings against any of the Portfolio Managers.

Table 7

Portfolio Manager	Fund	Qualifications	Investment management experience	Years with Platinum
Andrew Clifford (Co-Chief Investment Officer)	Platinum International Fund	BCom (Hons), Dip, SIA	35 years	30 years
Clay Smolinski (Co-Chief Investment Officer)	Platinum International Fund	BCom	18 years	18 years
Cameron Robertson	Platinum Asia Fund	BSc Hons, CFA, MAppFin	16 years	13 years

3. Fund structure

Investment structure

Platinum is ultimately owned by Platinum Asset Management Limited (ABN 13 050 064 287), a company listed on the ASX (ASX ticker PTM).

The diagram on the right shows the flow of investment money for the Platinum Funds.

Key service providers

- Custodian – Platinum has appointed The Northern Trust Company ("Northern Trust") to act as global custodian for the Funds.
- Middle office – Platinum has appointed Northern Trust as its outsourced middle office services provider to provide middle office support, including trade life-cycle management, collateral management and OTC derivatives regulatory reporting services.
- Auditor – PwC is the registered auditor for the Funds. The auditor's role is to audit the Funds' compliance plan and annual financial report (which includes the financial statements), perform a half-yearly review (if required), and to provide an opinion on the financial statements.
- Valuation of Fund assets – Platinum has appointed Northern Trust to value the assets of each Fund and calculate daily unit prices.

Monitoring service providers

Platinum has in place procedures to periodically monitor key service providers to provide reasonable assurance that:

a) services rendered are in accordance with written agreements and service level standards

b) there is integrity in the data and information provided by service providers to Platinum.

Related party

Platinum may, in its personal capacity, invest in one or more Funds it manages. Directors and employees of Platinum may invest in Funds managed by Platinum.

Material arrangement

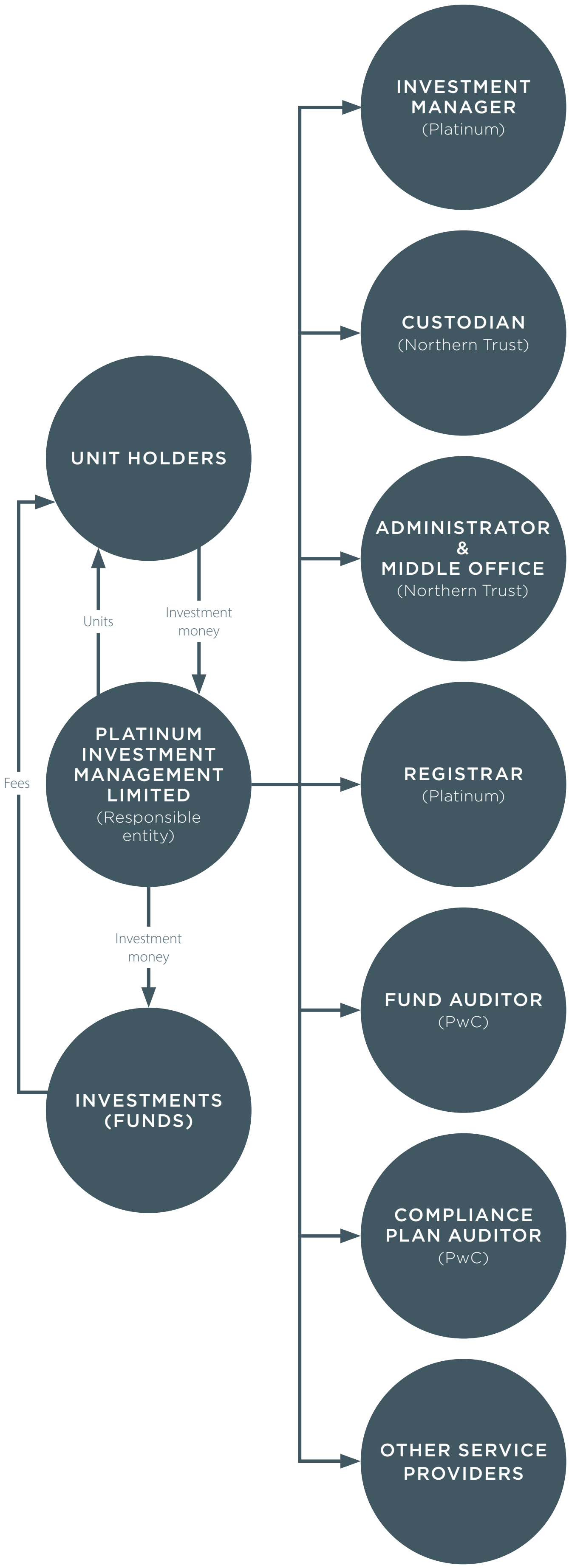
There are no material arrangements in connection with any Fund that are not on arm's length terms.

Jurisdictions of entities

All entities involved in each Fund's structure are based in Australia, Platinum and Northern Trust are subject to the jurisdiction of ASIC and AUSTRAC. Northern Trust is also regulated by the Australian Prudential Regulation Authority.

Risks of holding assets overseas

Generally, Fund securities are held in custody by Northern Trust and sub-custodians engaged by Northern Trust, located globally. Certain securities are held in omnibus accounts consistent with local market practice and in accordance with ASIC *Regulatory Guide 133*. In respect of these omnibus accounts, Fund securities are always separately identified in the books and records of Northern Trust.



4. Valuation, location and custody of assets

Valuation policy

Platinum has appointed Northern Trust to value the assets of each Fund. The NAV of each Fund is calculated in accordance with the relevant Fund's constitution. The assets of a Fund are normally valued on each Business Day. Generally, Northern Trust values Fund assets using market prices that are electronically sourced from third party data vendors. Northern Trust may also source prices from brokers in certain circumstances. If, in Platinum's reasonable opinion, the value of an asset as provided by Northern Trust is not a fair reflection of the value of the asset that would reasonably be obtained if the asset were to be sold in the market, Platinum's Securities Pricing Committee has established procedures and controls for reviewing, approving and documenting changes to Northern Trust's valuation. Unlisted assets, such as private equity investments, are valued using a price determined by Platinum in accordance with a valuation methodology that has been approved by Platinum's board of directors having regard to certain inputs as provided by independent third parties.

Asset types and allocation ranges

The principal investments in a Fund are international equities.

Type of asset	Allocation range (%)
International equities	0–100
Cash and cash equivalents	0–100

Cash and cash equivalents typically represents less than 40% of a Fund's NAV.

A Fund may invest in bullion and other physical commodities, but the total value of such investments at the time of acquisition will not exceed 20% of the NAV of the Fund.

Location of assets

The Funds primarily invest in listed equity and equity related securities of international companies including those in emerging or frontier markets.

A material asset is a significant holding or exposure relative to a Fund's total assets. In general, a Fund will seldom invest more than 5% of the Fund's NAV in the securities of a single issuer.

Platinum Asia Fund

The table below shows the Fund's top ten holdings as at 31 August 2024. Refer to the Fund website for more information.

Table 8

Stock	Country	Industry	%
Taiwan Semiconductor	Taiwan	Info Technology	9.3
Samsung Electronics Co	South Korea	Info Technology	6.0
SK Hynix Inc	South Korea	Info Technology	5.6
Vietnam Ent Investments	Vietnam	Other	4.8
Tencent Holdings Ltd	China	Comm Services	4.5
ZTO Express Cayman Inc	China	Industrials	4.5
JD.com Inc	China	Cons Discretionary	3.9
InterGlobe Aviation Ltd	India	Industrials	3.5
Ayala Land Inc	Philippines	Real Estate	3.4
China Merchants Bank Co	China	Financials	3.3

Platinum International Fund

The table below shows the Fund's top ten holdings as at 31 August 2024. Refer to the Fund website for more information.

Table 9

Stock	Country	Industry	%
ZTO Express Cayman Inc	China	Industrials	4.7
Samsung Electronics Co	South Korea	Info Technology	4.7
Taiwan Semiconductor	Taiwan	Info Technology	4.1
UBS Group AG	Switzerland	Financials	3.7
Tencent Holdings Ltd	China	Comm Services	3.4
Allfunds Group Plc	UK	Financials	3.4
TransUnion	United States	Industrials	3.3
Minebea Co Ltd	Japan	Industrials	3.1
Intercontinental Exchange	United States	Financials	3.0
Alphabet Inc	United States	Comm Services	2.8

Custodial arrangements

Platinum has appointed Northern Trust to act as global custodian for the Funds. Fund securities are generally held by Northern Trust and sub-custodians engaged by Northern Trust. The securities of each Fund are clearly identified from the assets of Platinum, Northern Trust, third party sub-custodians and Northern Trust's other clients. Northern Trust's custody staff are independent of Platinum and Northern Trust plays no investment management role. Generally, cash is deposited with Northern Trust or otherwise with the relevant local sub-custodian, in each case as banker.

The custody agreement between Platinum and Northern Trust sets out the required standard of care and conduct required of Northern Trust and its sub-custodians in accordance with ASIC *Regulatory Guide 133* and complies with the content requirements for custody agreements under ASIC Corporations (Asset Holding Standards for Responsible Entities) Instrument 2024/16. Northern Trust monitors sub-custodians and requires them to exercise reasonable care in carrying out the terms specified in their respective sub-custodial agreements. For assets custodied at Northern Trust, Platinum's outsourced middle office services provider performs a daily reconciliation to Northern Trust's records. Platinum may also self-custody certain unlisted securities and rights in respect of OTC derivatives contracts, and may open deposit accounts on behalf of the Funds with Australian banks. Platinum holds these assets on trust for the relevant Fund and ensures that such assets are identified as belonging to the relevant Fund and are not the assets of Platinum.

5. Liquidity

The Funds primarily invest in listed international equities traded on regulated exchanges.

Platinum generally maintains adequate cash levels in a Fund for the settlement of trades and to meet withdrawals made during the normal course of business..

6. Leverage

Use and restrictions

Leverage can be defined as the use of financial products (such as derivatives) or borrowing (such as a margin facility) to amplify the exposure of capital to an investment.

A Fund may gain leveraged market exposure through the use of derivatives.

Investment restrictions in relation to the use of derivatives are detailed under '7. Derivatives' in this section.

Whilst there is no restriction on borrowing in the Funds' constitutions, it is Platinum's policy not to borrow on behalf of any Fund except to the extent short-term overdrafts arise from trade settlement delays.

Source and type of leverage

A Fund may use derivatives including futures, options, swaps, credit default swaps and related instruments, to leverage the Fund.

Collateral usage

Derivative positions are collaterised with cash. No security holding of a Fund is used as collateral. The Funds are exposed to counterparty risk (see Section 7.4).

Maximum anticipated and allowed level of leverage

The maximum allowable leverage in a Fund is 150% of the NAV of a Fund, that is, for every $1 invested, the gross invested position of the Fund taking into account all securities and derivatives held, is limited to $1.50. For the purposes of this calculation, the underlying effective face value of the derivatives is used.

Further, this limitation includes all positions and does not allow for netting of any offsetting positions.

Although the maximum allowable leverage in a Fund is 150% of the NAV of a Fund, a Fund's positions in long securities and the notional value of derivatives would typically be less than 100%. The use of derivatives is to establish short positions in securities and thus reduce a Fund's net exposure to markets. The notional value of derivatives may not exceed 100% of the NAV of a Fund.

Restrictions on leverage and Platinum International Fund's experience over 5 years to 30 June 2024

The table below outlines the history of the use of leverage in the Platinum International Fund. Figures are as a percentage of the Platinum International Fund's NAV. This example can be applied to the Platinum Asia Fund.

Table 10

	Allowable		Average	Last 5 years*	
	Maximum	Minimum		Highest	Lowest
Gross (Long + Short)	150%	50%[1]	101%	118%	91%
Long positions	150%	50%[1]	87%	95%	76%
Short positions	50%[1]	0%	14%	28%	2%
Net (Long – Short)	150%[2]	50%[1]	74%	91%	54%

1 This restriction is implied only by the Fund's requirement to be 'typically at least 50% net invested'.

2 Though maximum is 150%, typically the actual position will be less than 100%.

* Based on month-end positions.

Impact of leverage on investment returns and losses

The maximum allowable leverage with greatest impact on a Fund's returns would likely be where a Fund was 150% long. In such a case, if the value of a Fund's securities (or the underlying securities of derivatives) increased in value by 10%, the increase in a Fund's value would be 15%.

Conversely, a fall of 10% in the value of a Fund's securities (or the underlying securities of derivatives) would result in a fall of a Fund's value of 15%.

It should be noted that as per the table above, the Funds have not historically held positions of this magnitude.

7. Derivatives

Platinum may use derivatives:

- for risk management purposes;
- to take opportunities to increase returns;
- to create a short position in a security;
- to manage currency exposure;
- to establish positions in securities that may otherwise not be readily available (e.g. to gain access to particular stock markets where foreign investors face restrictions); and
- to aid in the management of Fund cash flows (e.g. some stock markets require pre-funding of stock purchases that may be avoided through the use of derivatives).

Platinum has set the following investment restrictions in respect of each Fund:

- the notional value* of derivatives (excluding currency derivatives) may not exceed 100% of the NAV of a Fund; and
- the value* of long stock positions and the notional value of derivatives positions (excluding currency derivatives together will not exceed 150% of the NAV of a Fund.

* Where options are employed, the notional value will be the Delta adjusted exposure. 'Delta' is the theoretical measure of the sensitivity of the option price to a change in the price of the underlying asset (usually expressed as a percentage).

Types of derivatives used

Platinum currently uses the following derivatives: futures, options, swaps (currency and equity), credit default swaps, foreign exchange forwards and related instruments.

Criteria for engaging derivative counterparties

OTC derivative transactions may only be entered into with counterparties that have been approved by the board of directors of Platinum.

Consideration is given to the financial position and credit rating of the counterparty. Counterparties are engaged through standard market contracts such as the International Swaps and Derivative Association Master Agreement.

The aggregate exposure of each of the Funds to all OTC derivative counterparties will typically be no more than 5% of the NAV of the relevant Fund, and in any event will not exceed 10% of the NAV of the relevant Fund.

Key risks associated with collateral requirements

Trading in OTC derivatives generally requires the lodgement of collateral (also known as 'credit support', such as margin or a guarantee) with the counterparty. This gives rise to counterparty risk. Financial transactions that are conducted via the OTC market and which are not subject to clearing obligations, generally carry greater counterparty risk than securities traded on a recognised exchange (where the other party to the transaction is the exchange's clearing house).

Trading mechanism

Platinum uses both OTC and exchange traded derivatives (that is, those traded on a recognised derivatives exchange).

8. Short selling

The rationale behind short selling is to profit from a fall in the price of a particular security (e.g. share, index, exchange traded fund). From time to time, Platinum applies an active short-selling strategy for a Fund and the level of short-selling will differ between the Funds. Platinum may use short selling to reduce a Fund's net invested position and thus reduce the Fund's level of market risk, and to take opportunities to increase returns.

Platinum generally utilises equity swaps to short sell. A swap is a derivative contract, in which two parties (counterparties) agree to exchange payments of value (or cash flows) for another. Normally they are cash settled non-deliverable contracts (that is, settled for profit or loss).

Short-selling example (loss)

Platinum short sells (via a swap agreement) 10,000 shares of ABC at $100 and closes the position when the share price rises to $120 by entering into an equal and opposite trade.

Trade	Number of shares	Share price ($)	Total income/cost ($)
Opening sell	10,000	100	1,000,000
Borrowing cost and commission			(200)
Interest receivable			250
Closing buy	10,000	120	(1,200,000)
Loss			**(199,950)**

There will be additional costs and revenues from borrowing costs, commissions and the return of dividends.

Short-selling example (profit)

Platinum short sells (via a swap agreement) 10,000 shares of ABC at $100 and closes the position when the share price falls to $80.

Trade	Number of shares	Share price ($)	Total income/cost ($)
Opening sell	10,000	100	1,000,000
Borrowing cost and commission			(200)
Interest receivable			250
Closing buy	10,000	80	(800,000)
Profit			**200,050**

There will be additional costs and revenues from borrowing costs, commissions and the return of dividends.

5.4 Risks of investing

Risks of investing specific to the Funds are described below.

General risks* associated with investing in hedge funds are described in the *OneAnswer Investment Funds Guide* which can be obtained online at onepathsuperinvest.com.au/forms-and-brochures or by contacting Customer Services.

* Please note that in the *OneAnswer Investment Funds Guide*, information about leverage risk is provided under the heading 'Gearing'.

Risks specific to the Funds

You could lose money by investing in a Fund and the Fund could underperform other investments. Performance may differ significantly from industry benchmarks such as indices issued by MSCI Ltd. You should expect a Fund's unit price and total return to fluctuate within a wide range. Each Fund's performance could be affected by the risks noted below.

Counterparty risk

This is the risk of loss resulting from a counterparty not meeting its obligations due to a dispute over terms, or the insolvency, financial distress or bankruptcy of a counterparty used by Platinum.

Currency risk

Investing in assets denominated in a currency other than a Fund's base or reporting currency may cause losses resulting from exchange rate fluctuations. Platinum may not hedge or any hedging strategies employed may not be successful.

Derivative risk

Investments in derivatives may cause losses associated with changes in market conditions, such as fluctuations in interest rates, equity prices or exchange rates and, changes in the value of a derivative may not correlate perfectly with the underlying asset. Derivative transactions may be highly volatile and can create investment leverage, which could cause a Fund to lose more than the amount of assets initially contributed to the transaction. As OTC derivatives are customised instruments, a Fund may be unable to liquidate the derivative contract at a fair market price within a reasonable timeframe. The OTC counterparty may be unable or unwilling to make the required delivery of the security or make the required payments.

Foreign issuer risk

Investments in foreign companies may decline in value because of sovereign, political, economic or market instability, the absence of accurate information about the companies, and risks of unfavourable government actions such as expropriation and nationalisation. Such securities may be less liquid, more volatile, and harder to value. In times of market disruptions (including but not limited to market closures), security prices may be delayed or unavailable. Some countries may have different legal systems, taxation regimes, auditing and accounting standards with less governmental regulation and transparency. These risks may be higher when investing in emerging markets.

Fund and operational risks

The following risks may adversely affect a Fund and its performance:

- a Fund could terminate
- its features could change
- Platinum may not be able to continue to act as responsible entity
- third party service providers engaged by Platinum for the Funds may not properly perform their obligations and duties to Platinum, or
- circumstances beyond the reasonable control of Platinum may occur, such as failure of technology or infrastructure, or natural disasters.

General regulatory and tax risk

This is the risk that a government or regulator may introduce regulatory and/or tax changes, or a court makes a decision regarding the interpretation of the law, which affects the value of a Fund's assets or the tax treatment of a Fund and its investors. These changes are monitored by Platinum and action is taken, where appropriate, to facilitate the achievement of the investment objectives of each Fund. However, Platinum may not always be in a position to take such action.

Global pandemic risk

Health pandemics could significantly affect the industries that a Fund invests in, as well as the normal operations of financial markets and the operation of Platinum, its service providers and counterparties.

International investing

Information about this risk is provided in the *OneAnswer Investment Funds Guide*.

Liquidity risk

A Fund may not be able to purchase or sell a security in a timely manner or at a desired price or achieve its desired weighting in a security.

Manager risk

A Fund's performance depends on the expertise and investment decisions of Platinum. Platinum's opinion about the intrinsic worth of a company or security may be incorrect, a Fund's investment objective may not be achieved and the market may continue to undervalue the securities held by a Fund.

Market risk

Security prices may decline over short or extended periods due to general market conditions, including but not limited to, inflation, foreign currency fluctuations and interest rates.

Portfolio asset risk

Investments in equity and equity related securities generally have greater price volatility risk than debt securities. The value of securities held in a Fund may decline because of the quality of a company's management, financial condition, operations and the general health of the sector in which the company operates. Share markets can experience exceptionally high levels of volatility affecting the value of the securities traded in those markets.

Short selling risk

Short-selling can be seen as a form of leverage and may magnify the gains and losses achieved in the portfolio. While short-selling may be used to manage certain risk exposure in the portfolio, it may also have a significantly increased adverse impact on its return. Losses resulting from a short position may exceed the amount initially invested.

Cyber security risk

This risk relates to the potential for unauthorised access, data breaches, or disruptions in the Fund's systems, which could result in financial losses or compromised Investor information, as seen in cases of hacking or malware attacks on financial institutions.

6. ONEPATH ALTERNATIVES GROWTH FUND (OPAG)

OPAG is a managed investment scheme registered with ASIC. The Fund is structured as a 'fund of hedge funds' in accordance with RG240 and invests in a number of Underlying Funds, some of which are classified as hedge funds. OPAG is currently invested in the following Underlying Funds:

Underlying Funds

Underlying Fund	Domicile	Strategy	Investment Manager	RG240 Hedge Fund (Y/N)?
One River Systematic Trend SP	Cayman Islands	Trend Following	One River Asset Management ('One River')	Y
One River Systematic Alternative Markets Trend SP	Cayman Islands	Trend Following	One River Asset Management ('One River')	Y
Fulcrum Diversified Absolute Return Fund	Australia	Multi-Strategy/ Multi-Asset	Fulcrum Asset Management LLP ('Fulcrum')	Y
Janus Henderson Global Multi-Strategy Fund	Australia	Multi-Strategy	Janus Henderson Investors UK Limited ('HGI')	Y
MCP Wholesale Investments Trust	Australia	Private Debt	Metrics Credit Partners ('Metrics')	N
Bentham Syndicated Loan Fund	Australia	Alternative Credit	Bentham Asset Management ('Bentham')	N

The **One River Systematic Trend SP** strategy seeks to exploit medium to long term trends frequently observed in various equities, rates, FX, and commodity markets to generate returns. This systematic strategy employs a proprietary model which uses a combination of moving averages, breakouts, and stops to determine when to enter and exit the positions. The manager seeks to manage risk through diversification, stop loss, regular rebalancing, and position sizing.

The **One River Systematic Alternative Markets Trend SP** strategy seeks to exploit medium to long term trends frequently observed in various alternative equity, credit, rates, FX, and commodity markets to generate returns. This systematic strategy employs a similar investment approach to One River's Systematic Trend SP strategy, but focuses on a different set of alternative markets – markets that are typically more challenging to model and trade, and that are generally less liquid.

The **Fulcrum Diversified Absolute Return Fund** strategy seeks to achieve its aim of long-term absolute returns by investing globally and aims to hold a highly diversified portfolio, typically consisting of exposures to equities, fixed income, commodities, alternatives and cash. Investments may be made through collective investment schemes (including index funds such as exchange traded funds (ETFs) and actively managed funds managed by Fulcrum Asset Management LLP but not actively managed funds managed by third party investment managers). The strategy will use derivatives for investment purposes and for efficient portfolio management. The Fulcrum Diversified Absolute Return Fund will use hedging strategies to reduce risk over the short term without materially altering its risk profile. The strategy is managed without reference to a benchmark and aims to be managed with a forward – looking volatility cap of 12%.

The **Janus Henderson Global Multi-Strategy Fund** strategy seeks to provide positive absolute returns with low to moderate volatility and low correlation to both traditional and alternative asset classes. The strategy invests in a diversified set of strategies at a bottom-up level, including convertible arbitrage, event-driven, price pressure, risk transfer, equity market neutral and fixed income, currency and commodity relative value, combined with a top-down portfolio protection strategy. The strategy seeks to achieve a positive (absolute) return, regardless of market conditions, and to outperform the Bloomberg AusBond Bank Bill Index by 7% per annum (before fees) over rolling three-year periods.

The **MCP Wholesale Investments Trust** is a multi-strategy fund currently invested in wholesale funds managed by Metrics Credit Partners (Metrics), specifically the Metrics Credit Partners Diversified Australian Senior Loan Fund, the MCP Secured Private Debt Fund II and the MCP Real Estate Debt Fund (Wholesale Funds). From time to time and subject to ASX listing rules, the fund may hold units in the Metrics Master Income Trust (ASX:MXT) which are traded on the ASX. The strategy seeks to provide investors with monthly cash income, low risk of capital loss and portfolio diversification, through direct investments and its investment in the wholesale funds, by gaining exposure to actively managed diversified loan portfolios across a range of industries, borrowers and credit quality and participating in Australia's bank-dominated corporate loan market. Metrics seeks to implement active strategies designed to balance MCP Wholesale Investment Trust's objective in delivering its target return (RBA Cash Rate plus 325 bps pa net) ('Target Return') while seeking to preserve investor capital. Net income is distributed monthly.

The **Bentham Syndicated Loan Fund** strategy is actively managed and focused on generating stable investment income. The strategy aims to provide investors with exposure to high-yielding investments primarily through the US syndicated loan market, with an active allocation to investments in different industries, issuers and geographies. The strategy seeks to add value through loan selection and industry rotation, while maintaining a highly diversified portfolio.

The Fund will also allocate cash, as appropriate, to a Cash fund managed by a member of the Insignia Financial Group. All transactions are conducted by OnePath Funds Management on arm's length terms, with any conflict of interest or potential conflict of interest being managed in accordance with our conflict management policy.

Rationale for inclusion in the Fund portfolio

The Fund offers exposure to non-traditional sources of return, targeting lower volatility of returns with less downside risk than traditional asset classes. We believe that the investment strategy of each Underlying Fund complements those of the other Underlying Funds held by the Fund. By combining these complementary investment strategies of institutional quality managers, the Fund offers investors a diversified liquid alternatives portfolio, which can be blended with core equity and fixed income investments within a diversified, multi-asset portfolio. The Fund can allocate 10% or more of its net asset value to each of the Underlying Funds, however the actual allocation to each Underlying Fund can vary based on market conditions or portfolio construction decisions.

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