

OnePath Custodians Pty Limited

ABN 12 008 508 496

Annual Report - 30 June 2025

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OnePath Custodians Pty Limited
Directors' Report
30 June 2025

The Directors present their report, together with the financial statements of OnePath Custodians Pty Limited ("the Company") for the year ended 30 June 2025 and the auditor's report thereon. The ultimate parent entity is Insignia Financial Ltd and the Company is a member of the Insignia Financial Group ("IFL Group").

Directors

The following persons were Directors of the Company during the entire financial year and up to the date of this report, unless otherwise stated:

Danielle Press (appointed 19 September 2024)
Beth McConnell
Marianne Perkovic
Mario Pirone
Steven Schubert
Lindsay Smartt (ceased 31 December 2024)
Karen Gibson (ceased 31 March 2025)

Principal activity

The Company is a for-profit entity and its principal activity during the year was acting as the trustee for the Retirement Portfolio Service fund, a Registrable Superannuation Entity ("RSE") under an instrument of approval granted by the Australian Prudential Regulation Authority ("APRA").

There were no significant changes in the nature of the activities of the Company during the year.

Dividends

No dividends were paid for the year ended 30 June 2025 (2024: \$13,200,000).

Review of operations

The profit after income tax of the Company was \$27,308,508 (2024: loss of \$20,839,635).

Current year operating profit was primarily driven from increases in management fee income due to positive investment markets and reduction in operating expenses.

State of affairs

In July 2024, APRA agreed to accept a court enforceable undertaking (CEU) from the Company pledging to rectify compliance deficiencies and compensate members. The CEU is publicly available and relates to the conduct for which APRA issued the infringement notice as well as the ongoing remediation of a breach relating to accrued default amounts.

The Company has acknowledged APRA's concerns in the CEU and has committed to:

:

- identify, rectify, and remediate all members adversely affected by the breaches with assurance from an independent expert;
- Allocate additional resources to replenish the Operational Risk Financial Requirement resources to 100% of the target balance of 0.25% of funds under management; and
- Hold \$40m of its existing Operational Risk Financial Requirement assets as an overlay until the Company has satisfied the terms of the CEU.

The Company must comply with the CEU, failing which APRA may seek a court order to require compliance or take further enforcement steps.

There have been no other significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the reporting year

On 1 July 2025, the Group completed the transition of its Master Trust administration and technology services to SS&C Administration Services (Australia) Pty Ltd (SS&C). This included the transition of approximately 1,300 people (including their statutory leave entitlements), as well as technology and certain premises from Insignia Financial to SS&C. Insignia Financial continues to provide certain servicing and administration functions, including claims and complaints.

On 22 July 2025, Insignia Financial Ltd (Insignia Financial), the Company's ultimate parent entity announced that it had entered into a Scheme of Implementation Deed (SID) under which CC Capital has agreed to acquire all of the issued shares in Insignia Financial pursuant to a scheme of arrangement (Scheme) for cash consideration of \$4.80 per share.

OnePath Custodians Pty Limited
Directors' Report
30 June 2025

The Insignia Financial Board has unanimously recommended that shareholders vote in favour of the Scheme in the absence of a superior proposal, and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Insignia Financial shareholders.

The Scheme is subject to various conditions, including approval by Insignia Financial shareholders and regulatory approvals from APRA, the Foreign Investment Review Board and the Australian Competition and Consumer Commission.

Subject to Insignia Financial shareholders approving the Scheme and the other conditions being satisfied (or, if applicable, waived), Insignia Financial expects that the Scheme will be implemented in the 1st half of calendar year 2026.

On 18 August 2025, the Directors declared a final dividend for the year ended 30 June 2025 for \$5,000,000 (2024: \$Nil).

There were no other material events subsequent to 30 June 2025 and up to the date of signing the report.

Future developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report because disclosures of the information would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Environmental, social and governance ("ESG") risks can have a material impact on the Company's ability to deliver sustainable long-term outcomes for clients, investors and the community.

To ensure the Company fulfils its purpose, the Insignia Financial Ltd and its subsidiaries (collectively referred to as the "IFL Group"), considers a broad range of ESG considerations. The IFL Group's ESG activities are discussed in the ESG section of its Directors' Report and the Sustainability Report included in the annual report.

Company secretaries

The following persons were Company Secretaries during the entire financial year and up to the date of this report, unless otherwise stated:

Sharyn Cowley
Christopher Tay

Indemnification and insurance of officers

During the financial year, Insignia Financial Ltd and its controlled entities paid a premium to insure the Directors, secretaries and general officers of the Company.

The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage to themselves or someone else or to cause detriment to the Company.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars unless otherwise indicated.

OnePath Custodians Pty Limited
Directors' Report
30 June 2025

Auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 of the annual report and forms part of the Directors' report.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'Mario Pirone'.

Mario Pirone
Director

19 August 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of OnePath Custodians Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of OnePath Custodians Pty Limited for the financial year ended 30 June 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Dean Waters', with a stylized flourish at the end.

Dean Waters

Partner

Melbourne

19 August 2025

OnePath Custodians Pty Limited
Statement of comprehensive income
For the year ended 30 June 2025

	Note	30 June 2025 \$'000	30 June 2024 \$'000
Revenue			
Management fee income	4	255,712	242,850
Interest income		5,401	4,399
Other revenue		2,949	3,775
Expenses			
Service fees and other direct costs	5	(20,119)	(21,078)
Operating expenses	6	(181,011)	(197,853)
Remediation expenses		(23,916)	(57,258)
Other expenses		(4)	(17)
Profit / (loss) before income tax expense		39,012	(25,182)
Income tax (expense) / benefit	7	(11,704)	4,343
Profit / (loss) after income tax for the year		27,308	(20,839)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		27,308	(20,839)

The above Statement of comprehensive income should be read in conjunction with the accompanying notes to the financial statements

OnePath Custodians Pty Limited
Statement of financial position
As at 30 June 2025

	Note	30 June 2025	30 June 2024
		\$'000	\$'000
Assets			
Cash and cash equivalents	8	156,839	94,472
Receivables	9	38,799	49,069
Deferred tax assets	10	6,728	12,062
Total assets		202,366	155,603
Liabilities			
Payables	11	57,105	8,129
Provisions	12	19,793	49,314
Total liabilities		76,898	57,443
Net assets		125,468	98,160
Equity			
Share capital	13	173,200	173,200
Accumulated loss		(47,732)	(75,040)
Total equity		125,468	98,160

The above Statement of financial position should be read in conjunction with the accompanying notes to the financial statements

OnePath Custodians Pty Limited
Statement of changes in equity
For the year ended 30 June 2025

	Note	Share Capital \$'000	Accumulated loss \$'000	Total Equity \$'000
Balance at 1 July 2023		173,200	(41,001)	132,199
Profit / (loss) after income tax for the year		-	(20,839)	(20,839)
Other comprehensive income		-	-	-
Total comprehensive income			(20,839)	(20,839)
Dividend paid	14	-	(13,200)	(13,200)
Total capital transactions		-	(13,200)	(13,200)
Balance at 30 June 2024		173,200	(75,040)	98,160
		Share Capital \$'000	Accumulated loss \$'000	Total Equity \$'000
Balance at 1 July 2024		173,200	(75,040)	98,160
Profit / (loss) after income tax for the year		-	27,308	27,308
Other comprehensive income		-	-	-
Total comprehensive income		-	27,308	27,308
Dividend paid	14	-	-	-
Total capital transactions		-	-	-
Balance at 30 June 2025		173,200	(47,732)	125,468

The above Statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements

OnePath Custodians Pty Limited
Statement of cash flows
For the year ended 30 June 2025

	Note	30 June 2025	30 June 2024
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers and related parties		269,690	286,299
Legal settlements received*		28,000	-
Payments to suppliers and related parties		(234,354)	(281,367)
Interest income received		5,401	4,399
Income tax paid		<u>(6,370)</u>	<u>(654)</u>
Net cash from operating activities	18	<u>62,367</u>	<u>8,677</u>
Cash flow from financing activities			
Dividend paid	14	<u>-</u>	<u>(13,200)</u>
Net cash from financing activities		<u>-</u>	<u>(13,200)</u>
Net increase / (decrease) in cash and cash equivalents		62,367	(4,523)
Cash and cash equivalents at the beginning of the year		<u>94,472</u>	<u>98,995</u>
Cash and cash equivalents at the end of the year		<u>156,839</u>	<u>94,472</u>

*\$28m payment received from Zurich Australia Limited and ANZ Banking Group Limited, as part of their contribution to settle the class action addressed in Note 21.

The above Statement of cash flows should be read in conjunction with the accompanying notes to the financial statements

Note 1. Reporting entity

OnePath Custodians Pty Limited ("the Company") is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity. The address of the Company's registered office and principal place of business are:

Registered office

Level 1
800 Bourke Street
Docklands VIC 3008

Principal place of business

Level 1
800 Bourke Street
Docklands VIC 3008

Principal activities

The Company's principal activities during the course of the financial year were to act as the corporate trustee for a Registrable Superannuation Entity (RSE) under an instrument of approval granted by the Australian Prudential Regulation Authority ("APRA").

These financial statements are prepared for the Company as an individual entity. The financial statements were authorised for issue, in accordance with a resolution of the Directors, on 19 August 2025.

Note 2. Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Basis of preparation

These general purpose tier one financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Basis of measurement

The financial information has been prepared in accordance with the historical cost convention except for certain assets and liabilities as described in the accounting policies below.

Rounding

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated.

Functional and presentation currency

The financial statements are presented in Australian dollars ("AUD"), which is the Company's functional and presentation currency.

New accounting standards and amendments to accounting standards issued but not yet effective

A number of new standards and amendments to accounting standards have been issued but are not yet effective, have not been early adopted by the Company. These standards and amendments to accounting standards, when applied in future periods, are not expected to have a material impact on the financial position or financial performance of the Company other than discussed below:

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 Presentation and Disclosure in Financial Statements will be applicable to the Company for the 30 June 2028 financial year. The standard will replace AASB 101 Presentation of Financial Statements. The standard establishes key presentation and disclosure requirements including newly defined subtotals in the statement of profit or loss, the disclosure of management-defined performance measures and enhanced requirements for grouping information.

Note 2. Material accounting policies (continued)

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Management fee income

The Company provides superannuation and administration services. Fees from these services are predominantly calculated based on an agreed percentage of the respective funds under administration, as disclosed in the respective product disclosure statements. The provision of these services is typically a single performance obligation and fees are earned on a daily basis and generally collected monthly.

Management fee income is recognised in the profit and loss over the period in which the service is provided, net of any rebates.

Management fee income is recognised in the Statement of comprehensive income over the period in which the service is provided, net of any fees rebated.

Other fees principally comprise revenues for other services and are recognised as the relevant service is provided and it is probable that the fee will be collected.

There are no judgements that significantly affects the determination of the amount and timing of revenue from contracts with customers.

Interest income

Interest income includes interests earned on bank deposits and coupon interests on fixed income financial assets measured at FVTPL.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment (including fund expense recoveries) is established.

Expense

Service fees and other operating expenses are recognised in profit and loss on an accrual basis.

Income tax

Income tax expense comprises current and deferred tax.

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset only if certain criteria are met.

Note 2. Material accounting policies (continued)

Income tax (continued)

The Company is a member of a tax consolidated group. The head entity of the tax consolidated group is Insignia Financial Ltd. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts.

The Company and other members of the tax consolidated group have entered into a tax sharing and funding agreement. Assets or liabilities arising under the agreement are recognised as amounts receivable from or payable to the head entity.

Assets

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Receivables are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Receivables are initially measured at the transaction price.

The Company holds receivables with the objective of collecting the contractual cash flows and subsequently measures these receivables at amortised cost.

Loss allowances are recognised for expected credit losses on receivables. Loss allowances are measured at an amount equal to lifetime expected credit losses as these receivables do not contain a significant financing component.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to the credit risk.

When the Company has no reasonable expectations of recovering a receivable in its entirety or a portion thereof, the gross carrying amount of the receivable is reduced directly. Subsequent recoveries of amounts previously written off are credited against previous recognised impairment losses.

Liabilities

Payables

Payables represent liabilities for services provided to the Company prior to the end of the financial year and which are unpaid. They are short term in nature and are subsequently measured at amortised cost. The amounts are unsecured and are paid within commercial terms.

Provisions

Provisions arise when there is a present obligation (legal or constructive) as a result of a past event and a probable outflow of resources will be required to settle the obligation. Provisions are recognised when a reliable estimate can be made on the amount of the obligation. The expense relating to a provision is presented in the profit or loss net of any reimbursements.

Equity

Ordinary Shares

Ordinary shares in the Company are recognised at the amount paid per ordinary share net of directly attributable issue costs.

Note 2. Material accounting policies (continued)

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position.

Presentation

Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- where income and expense arise from a group of similar transactions, such as rebates on management fee income;
- where amounts are collected on behalf of third parties, where the Company is, in substance, acting as an agent only; or
- where costs are incurred on behalf of customers from whom the Company is reimbursed.

Offsetting assets and liabilities

Assets and liabilities are offset and the net amount presented in the statement of financial position only where there is:

- a current enforceable legal right to offset the asset and liability; and
- an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Goods and services tax

Income, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is paid by a related entity within the wholly owned group with a corresponding intercompany balance recognised by the Company.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

In preparing these financial statements, management has made judgements and estimates about the future that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Note 3. Critical estimates, judgements and assumptions used in applying accounting policies

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Other than those discussed below or elsewhere in the financial statements, management have not made any significant accounting judgements, estimates or assumptions in preparing these financial statements.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Provisions

In relation to customer remediation, determining the amount of the provisions which represent management's best estimate of the cost of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including the number of impacted customers, the average refund per customer, the associated remediation project costs, and the implications of regulatory exposures and customer claims having regard to their specific facts and circumstances. Consequently, the appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence including expert legal advice and adjustments are made to the provisions where appropriate.

Note 4. Management fee revenue

	30 June 2025 \$'000	30 June 2024 \$'000
Management fees	185,555	179,699
Administration fees	68,757	62,639
Other fee income	1,400	512
Total management fee revenue	255,712	242,850

Note 5. Service fees and other direct costs

	30 June 2025 \$'000	30 June 2024 \$'000
Investment management service expense	(16,752)	(17,162)
Custody fees	(3,367)	(3,916)
Total service fees and other direct costs	(20,119)	(21,078)

Note 6. Operating expenses

	30 June 2025 \$'000	30 June 2024 \$'000
Administration expense	(2,923)	(3,086)
Operating expense paid to related parties	(177,839)	(164,388)
Fund related expenses	(249)	(2,174)
Shareholder capital charge*	-	(17,500)
Other operating expense	-	(10,705)
Total operating expense	(181,011)	(197,853)

*Refer to Note 20 for further details.

Note 7. Income tax expense

	30 June 2025 \$'000	30 June 2024 \$'000
Recognised in Statement of comprehensive income		
Current tax	(6,370)	(654)
Deferred tax	(5,334)	4,997
Income tax (expense) / benefit	(11,704)	4,343

Reconciliation of income tax expense and tax at the statutory rate

Profit / (loss) before income tax	39,012	(25,182)
Tax at the statutory tax rate of 30% (2024: 30%)	(11,704)	7,555
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	-	(3,212)
Income tax (expense) / benefit	(11,704)	4,343

Note 8. Cash and cash equivalents

	30 June 2025	30 June 2024
	\$'000	\$'000
Cash at bank	7,793	10,683
Cash - restricted for legal settlement ¹	50,000	-
Cash held as Operational Risk Financial Reserve ²	99,046	83,789
Total cash and cash equivalents	156,839	94,472

¹Cash held in preparation of a legal settlement expected to be paid out in 2025. Refer to Note 21 for details.

²Cash held as Operational Risk Financial Reserve includes a \$40m cash overlay as part of terms agreed in a Court Enforceable Undertaking. Refer to Note 15 for details.

Note 9. Receivables

	30 June 2025	30 June 2024
	\$'000	\$'000
Trade receivables	36,072	32,798
Receivables from related parties	2,727	16,271
Total receivables	38,799	49,069

Note 10. Deferred tax assets

	30 June 2025	30 June 2024
	\$'000	\$'000
Deferred tax assets comprise temporary differences attributable to:		
Provisions	5,937	11,583
Other items	473	-
Accrued expenses	318	479
Total deferred tax assets	6,728	12,062

	30 June 2025	30 June 2024
	\$'000	\$'000
Reconciliation of movements		
Net carrying amounts at the beginning of the year	12,062	7,065
Recognised in profit or loss	(5,334)	4,997
Carrying amount at the end of the year	6,728	12,062

Note 11. Payables

	30 June 2025	30 June 2024
	\$'000	\$'000
Fee Payables	7,105	8,129
Legal settlement payable*	50,000	-
Total payables	57,105	8,129

*Refer to Note 21 Contingent Liability for details.

Note 12. Provisions

	30 June 2025	30 June 2024
	\$'000	\$'000
Balance at the beginning of the year	49,314	18,669
Net Increase during the year*	23,117	67,415
Transferred to payables	(22,000)	-
Utilised during the year	(30,638)	(36,770)
Balance at the end of the year	19,793	49,314
Current	19,793	49,314
Non-current	-	-
Total	19,793	49,314

*Provisions recognised during the period are recognised as remediation expense in the Statement of comprehensive income, along with any other remediation related costs not provisioned for.

The Company has conducted several reviews into historical issues which have resulted in remediation provisions being recognised. In addition, a provision has been recognised in relation to remediation activities required under a Court Enforceable Undertaking which was entered into in July 2024. As issues are investigated and resolved, payments are made and updated assessments on the remaining provisions are performed. The impact of these changes are shown in the table above.

Note 13. Share capital

	30 June 2025 Shares	30 June 2024 Shares	30 June 2025 \$	30 June 2024 \$
Ordinary shares - fully paid	173,200,003	173,200,003	173,200,003	173,200,003

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There were no changes in share capital during the year (2024: \$nil).

Note 14. Dividends paid and proposed

	30 June 2025	30 June 2024
	\$'000	\$'000
Dividend on ordinary and non-redeemable preference shares:		
Final dividend for 2024: nil cents (2022: 4.2 cents) per share	-	7,200
Interim dividend for 2025: nil cents (2024: 3.5 cents) per share	-	6,000
Total dividends paid by the Company during the year	-	13,200

Note 15. Capital management

The Company is capitalised with share capital and retained earnings. This capital is held to meet regulatory and operational requirements that reflect the risk of the Company. The level of capital is actively managed to maintain capital adequacy and efficiency with reference to these requirements.

The Company must remain solvent at all times in accordance with the *Corporations Act 2001*.

The Company is also regulated by APRA and has been issued a Registrable Superannuation Entity ("RSE") Licence and therefore must comply with APRA's prudential standards and practice guides associated with an RSE Licence.

In complying with APRA's Prudential Standard SPS 114 "Operational Risk Financial Requirement" (ORFR), the Company has continued to operate within its Board approved ORFR Target and tolerances. As at 30 June 2025, the ORFR requirement had been met through Company ORFR trustee capital of \$99.1m (30 June 2024: \$83.8m) and RSE trustee reserve of \$3.5m within the Retirement Portfolio Service ("RPS") (30 June 2024: \$3.3m).

In July 2024, APRA agreed to accept a court enforceable undertaking (CEU) from the Company pledging to rectify compliance deficiencies and compensate members. The CEU is publicly available and relates to the conduct for which APRA issued the infringement notice as well as the ongoing remediation of a breach relating to accrued default amounts.

The Company has acknowledged APRA's concerns in the CEU and has committed to:

- identify, rectify, and remediate all members adversely affected by the breaches with assurance from an independent expert;
- Allocate additional resources to replenish the Operational Risk Financial Requirement resources to 100% of the target balance of 0.25% of funds under management; and
- Hold \$40m of its existing Operational Risk Financial Requirement assets as an overlay until the Company has satisfied the terms of the CEU.

The Company must comply with the CEU, failing which APRA may seek a court order to require compliance or take further enforcement steps.

The Company has complied with APRA capital requirements during the year.

Note 16. Risk management

The Company is a wholly owned subsidiary of Insignia Financial Ltd and operates in accordance with the Insignia Financial Group's Risk Management Policy. Risk management processes and activities are integrated with strategic planning, appetite, policies, reporting and governance to ensure that risk is managed effectively throughout Insignia Financial Ltd and its subsidiaries (collectively referred to as the "IFL Group").

The Board has delegated the responsibility of monitoring and oversight of management's compliance with the Company's Risk Management Framework ("RMF") to the RSEL Risk & Compliance Committee.

The RMF constitutes a clearly defined framework of proactive risk identification, assessment, response, monitoring and reporting across all Insignia Financial's business operations in managing material risks. The key pillars of the RMF include:

- The Company Risk Management Strategy (RMS) which articulates the Company's approach to the implementation of its strategic objectives and the key elements of the RMF that give effect to the strategy. It also includes a description of each material risk, including key roles and responsibilities for managing the risk;
- The Company Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that the Company is prepared to accept in pursuit of strategic and business objectives, giving consideration to the interests of customers, shareholders and other stakeholders;
- The Company Risk Management Policy (RMP) which sets out the methodology to identify, assess, respond, monitor and report on those risks that could impact the achievement of strategic objectives, impact core processes and/or result in non-compliance with obligations;
- A Three Lines of Accountability (3LoA) model to govern risk management and compliance activities across the Group. The 3LoA model represents the three levels of risk management that facilitate the effective operation of the RMF. The overarching principle is that the management of risk is primarily a business accountability; and

Note 16. Risk management (continued)

- The Risk Culture principles, which are essential for effective risk management outcomes that support the Group's financial and operational resilience.

In addition to adhering to the RMF, Registrable Superannuation Entity Licensees (RSEs) within the Group have additional regulatory and compliance requirements. In November 2022, APRA imposed the following additional licence conditions on the RSEs:

- Enhancement of the RSEs' governance in relation to member outcomes, oversight of service providers, risk, compliance and managing conflicts of interest;
- Appointment of an independent expert to examine the operational effectiveness of the RSEs' governance, accountability and risk management frameworks and practices; and
- Rectification of areas of concern with input from the independent expert.

A Rectification Action Plan (RAP) was developed and the Company has made significant progress in addressing rectification activities. The RAP has considered changes broader than the Independent Expert findings and is expected to be completed in December 2026.

In July 2024, APRA agreed to accept a court enforceable undertaking (CEU) from the Company pledging to rectify compliance deficiencies and compensate members. The CEU is publicly available and relates to the conduct for which APRA issued the infringement notice as well as the ongoing remediation of a breach relating to accrued default amounts.

The Company has acknowledged APRA's concerns in the CEU and has committed to:

- identify, rectify, and remediate all members adversely affected by the breaches with input from an independent expert;
- allocate additional resources to replenish the Operational Risk Financial Requirement to 100% of the target balance of 0.25% of funds under management; and
- hold \$40m of its existing Operational Risk Financial Requirement assets as an overlay until the Company has satisfied the terms of the CEU.

The Group has established a dedicated program to deliver the commitments made under the CEU.

Note 17. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market variables such as interest rates, equity prices and foreign currency exchange rates. Market risk includes interest rate risk, currency risk and other price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Interest rate risk

Interest rate risk is the risk of loss arising from adverse changes in interest rates and the impact on the fair value of financial instruments. The Company has no material exposure to interest rate risk.

Other market risks

The Company has no material exposure to price or foreign exchange risk.

Note 17. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, receivables and financial assets measured at fair value through profit or loss.

The Company mitigates its credit risk by ensuring cash deposits and term deposits are held with high quality financial institutions of A+ to AA.

Receivables consist of management fees receivable, service fees receivable and other amounts receivable from related parties. These counterparties generally do not have an independent credit rating, and the Company assesses the credit quality of the debtor taking into account its financial position, past experience with the debtor, and other available credit risk information.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets. No financial assets are considered past due and management does not expect any counterparty to fail to meet its obligations. The Company does not hold any collateral as security over its receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the reputation.

Liquidity risk is managed collectively under a combination of treasury, investment and asset-liability management guidelines. The Company regularly assesses and monitors the liquidity risk profile of liabilities and investment portfolios and performs analysis of the expected cash flows of assets and liabilities. All liabilities are expected to be settled within one year.

The Company is one of the guarantors for Insignia Financial Ltd in relation to a Syndicated Facility Agreement ("SFA") between IFL and a group of syndicated lenders. The guarantors jointly provide guarantees to the syndicated lenders in relation to the financial obligations associated with the SFA. The Company's ORFR is segregated and held outside of the security net set out in the SFA. The fund assets which are held on behalf of members are unavailable to the syndicated lenders. As IFL is the ultimate parent of the Company it is not likely that IFL will fail to meet its obligations under the SFA. The possibility of an outflow of resources embodying economic benefits as a result of the Company providing the guarantee, is unlikely.

Note 18. Notes to the Statement of cash flows

	30 June 2025 \$'000	30 June 2024 \$'000
Reconciliation of cash flows from operating activities		
Profit / (loss) after tax for the year	27,308	(20,839)
Non-cash items		
- Provisions released during the year	-	(2,748)
Changes in operating assets and liabilities		
- Change in receivables	10,270	12,179
- Change in prepayments	-	233
- Change in unearned income	-	(136)
- Change in payables	48,976	(8,408)
- Change in provisions	(29,521)	33,393
- Change in deferred tax	5,334	(4,997)
Net cash from operating activities	62,367	8,677

Note 19. Remuneration of auditors

	30 June 2025	30 June 2024
	\$	\$
<i>Audit services - KPMG Australia</i>		
Audit and review of financial reports	47,278	46,125
Audit and review of financial reports – superannuation fund	336,200	307,500
<i>Other services - KPMG Australia</i>		
Regulatory assurance services	150,450	172,200

Auditor's remuneration is paid by a related entity in the IFL Group.

Note 20. Related party disclosures

(a) Immediate and ultimate controlling entity

The immediate parent entity and ultimate parent entity is Insignia Financial Ltd. Insignia Financial Ltd produces consolidated financial statements available for public use and is incorporated in Australia.

(b) Related party transactions that occurred during the period

(i) Transactions with related parties in the wholly owned group

Transactions and balances between the entities within the IFL Group are made up of non-interest-bearing funds and have no fixed terms of maturity. Management services were provided by a commonly controlled entity, IOOF Service Co Pty Ltd, on a cost recovery basis. Management expenses incurred during the year amounted to \$6,826,341 (2024: \$4,390,730). All other transactions were made on normal commercial terms and conditions and at market rates. No receivable from a related party was impaired during the year.

The Company does not pay external investment management and custody fees directly, rather expenses are paid by another IFL Group entity which is then subsequently reimbursed by the Company. The reimbursed investment management fees during the year amounted to \$16,201,091 (2024: \$17,162,112) and the reimbursed custody fees during the year amounted to \$3,367,370 (2024: \$3,915,675).

The Company paid administration service expenses to another IFL Group entity for administration services provided in its capacity as the administrator of RPS. The administration expense is calculated based on a set rate applied to funds under administration ("FUA"). Administration expense incurred during the year amounted to \$171,012,678 (2024: \$159,996,677).

At the balance date, the transactions with IFL Group subsidiaries comprised of the amounts below:

	30 June 2025	30 June 2024
	\$	\$
Receivables from entities within the IFL Group	2,727,473	16,270,953

Transactions with related parties include net GST payables and tax expenses, which are payable under the tax-consolidated group agreement.

There have been no guarantees given or received. No outstanding amounts have been written down or recorded as allowances as they are considered fully collectible. All transactions were made on commercial terms and conditions and at market rates. No receivable from a related party was impaired during the year or prior year.

(ii) Transactions with the immediate and ultimate parent

During the year, no Shareholder Capital Charge (2024: \$17,500,000) was paid by the Company to IFL in relation to the IFL Group's Shareholder Capital Charge arrangement.

Note 20. Related party disclosures (continued)

(b) Related party transactions that occurred during the period (continued)

(iii) Transactions with key management personnel

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Directors

Danielle Press (appointed 19 September 2024)
 Beth McConnell
 Marianne Perkovic
 Mario Pirone
 Steven Schubert
 Lindsay Smartt (ceased 31 December 2024)
 Karen Gibson (ceased 31 March 2025)

Other key management personnel

Daniel Farmer (Chief Investment Officer)
 Elizabeth McCarthy (CEO – MLC Expand) (appointed 29 July 2024)
 Mark Oliver (Chief Distribution Officer) (ceased 26 July 2024)
 Jason Sommer (Acting CEO – Superannuation) (27 July to 31 October 2024)
 Dave Woodall (CEO – Superannuation) (appointed 1 November 2024)

In July 2024, the IFL group announced a new operating structure and appointed executives with end-to-end profit or loss accountabilities for the Master Trust and Wrap businesses that the Company operates within. Under the new operating structure, the Group Chief Executive Officer, Chief Financial Officer, Chief Operating & Technology Officer, Chief Risk Officer, Chief Member Officer, Chief Investment Officer, Chief People Officer and Chief Transformation Officer/Chief Client Officer are no longer considered KMP of the Company.

KMP compensations are provided by a related entity within the IFL Group. The compensation disclosed below represents the portion of the compensation specifically related to the KMP responsibilities of the Company. The total of this compensation is as follows:

	30 June 2025*	30 June 2024
	\$	\$
Short term employment benefits	1,136,447	1,119,660
Post-employment benefits	51,273	54,162
Share based payments	172,795	84,335
Other long-term benefits	10,086	-
Termination benefits	95,456	231,438
Total	1,466,057	1,489,595

*Composition of KMP has changed year on year.

Note 21. Contingent liability

The Company may from time to time be exposed to contingent liabilities and potential claims in respect of the activities of the underlying trust for which it acts as the RSE Trustee. As at the date of this report, there are no contingent liabilities where the underlying fund is not expected to have sufficient assets to indemnify the RSE Trustee as appropriate.

As part of the operations of the business, the Company has been subject to various legal actions and claims. Outcomes in relation to these actions and claims are uncertain and no provisions are required at balance sheet date.

Note 21. Contingent liability (continued)

As identified in Note 17, the Company is one of the guarantors in relation to the Insignia Financial Group Syndicate Facility Agreement. At the date of this report, there is no financial liability for the Company under this agreement.

Class Actions

On 3 October 2024, OnePath Custodians Pty Limited (OPC), together with Zurich Australia Limited and ANZ Banking Group Limited, agreed with the plaintiffs to settle the class action commenced by Slater and Gordon in December 2020 for a total of \$50m, of which OPC will contribute \$22m. The settlement is subject to Federal Court approval and is made without any admission or liability or wrongdoing by OPC or any of the other respondents. The class action was filed on behalf of certain members of the former OnePath Master Fund and Retirement Portfolio Service. It relates to historical issues regarding interest rates paid on members' investments in certain cash investment options in the period prior to January 2020 and the payment of grandfathered commissions to financial advisers in the period prior to April 2019. The Group has recognised a legal settlement expense of \$22m in the profit or loss and \$50m restricted cash and corresponding payable on the balance sheet.

Remediation matters

There are several remediation matters under investigation, the potential outcomes and total costs associated with these matters remain uncertain and any provisions raised in relation to these matters have been recognised by either the Company, the Company's related party administrator or the ultimate parent entity where appropriate.

Note 22. Commitments

There were no capital or lease expenditure commitments as at 30 June 2025 (2024: \$Nil).

Note 23. Events since the end of the reporting period

On 1 July 2025, the Group completed the transition of its Master Trust administration and technology services to SS&C Administration Services (Australia) Pty Ltd (SS&C). This included the transition of approximately 1,300 people (including their statutory leave entitlements), as well as technology and certain premises from Insignia Financial to SS&C. Insignia Financial continues to provide certain servicing and administration functions, including claims and complaints.

On 22 July 2025, Insignia financial Ltd, the Company's ultimate parent entity announced that it had entered into a Scheme of Implementation Deed (SID) under which CC Capital has agreed to acquire all of the issued shares in Insignia Financial pursuant to a scheme of arrangement (Scheme) for cash consideration of \$4.80 per share.

The Insignia Financial Board has unanimously recommended that shareholders vote in favour of the Scheme in the absence of a superior proposal, and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Insignia Financial shareholders.

The Scheme is subject to various conditions, including approval by Insignia Financial shareholders and regulatory approvals from the Australian Prudential Regulatory Authority, the Foreign Investment Review Board and the Australian Competition and Consumer Commission.

Subject to Insignia Financial shareholders approving the Scheme and the other conditions being satisfied (or, if applicable, waived), Insignia Financial expects that the Scheme will be implemented in the 1st half of calendar year 2026.

On 18 August 2025, the Directors declared a final dividend for the year ended 30 June 2025 for \$5,000,000 (2024: \$Nil).

There were no other material events subsequent to 30 June 2025 and up to the date of signing the report.

Directors' Declaration

The Directors of OnePath Custodians Pty Limited (the "Company") declare that:

- a) in the Directors' opinion, the financial statements of the Company and the notes thereto, have been prepared in accordance with the *Corporations Act 2001*, including that:
 - i. they comply with applicable Australian Accounting Standards and the *Corporations Regulations 2001*;
 - ii. they give a true and fair view of the Company's financial position as at 30 June 2025 and of its performance as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - iii. the financial statements and notes to the financial statements of the Company comply with International Financial Reporting Standards as described in Note 2; and
- b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors, made pursuant to section 295(5)(a) of the *Corporations Act 2001* for the year ended 30 June 2025.



Mario Pirone
Director

19 August 2025

Independent Auditor's Report

To the shareholders of OnePath Custodians Pty Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of OnePath Custodians Pty Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the Company's financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2025;
- Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended;
- Notes, including material accounting policies;
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in OnePath Custodians Pty Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and that is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our Auditor's Report.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Dean Waters', with a stylized flourish at the end.

Dean Waters

Partner

Melbourne

19 August 2025