

ONEANSWER INVESTMENT PORTFOLIO - CAPITAL GAIN DISTRIBUTIONS

Product Update | 15 January 2021

This Product Update provides important information for current investors of OneAnswer Investment Portfolio, including Frontier.

WE WILL BE DISTRIBUTING CAPITAL GAINS FROM SOME FUNDS IN JANUARY 2021

Four investment funds offered through OneAnswer will make a distribution of capital gains mid-January 2021, with an effective date of 31 December 2020.

The capital gain amounts will be processed as part of the normal December period end distribution process.

Investors in these four funds will see a higher than normal amount of distribution as they will receive income as well as some capital as part of the December 2020 distribution payment.

WHICH PRODUCTS ARE IMPACTED BY THE CAPITAL GAIN DISTRIBUTIONS?

- OneAnswer Investment Portfolio
- OneAnswer Frontier Investment Portfolio.

WHICH INVESTMENT FUNDS ARE IMPACTED?

The following funds are impacted, together, known as 'the Funds':

- Bennelong Australian Equities
- Fidelity Australian Equities
- Arrowstreet Global Equity (Hedged)
- Greencape Broadcap.

WHAT DO YOU NEED TO DO?

Investors should consider speaking with their financial adviser and or accountant in relation to the capital gain distributions prior to the end of this financial year. Tax on capital gains may be payable by you, depending on your individual circumstances.

WHEN ARE CAPITAL GAIN DISTRIBUTIONS BEING PAID?

It is expected capital gain distributions will be processed on or around **15 January 2021**.

WHAT IS THE EFFECTIVE DATE OF THE CAPITAL GAIN DISTRIBUTION?

The distributions are being paid for the period ending 31 December 2020. This means all investors in the Funds on that date will receive a distribution.

HOW ARE DISTRIBUTIONS PAID?

- For investors who reinvest their distributions, they will see the reinvested units noted on their Quarterly Transaction Statement for the December quarter which is mailed to investors late January 2021. The overall value of their investment does not change but the unit price will fall and the units on issue will increase.
- For investors who receive distribution payments into their bank account they will see the distribution amount in their financial institution account approximately two days after processing, i.e. approximately Tuesday 19 January 2021. These investors will also see the unit price and their account balance fall by the distributed amount.

HOW MUCH CAPITAL GAIN WILL BE DISTRIBUTED?

Investment fund	Asset class	Approx. portion of members' capital returned as distribution*	Assessable amount after applying CGT discount (approximate)#
Bennelong Australian Equities	Australian Equity	19.6%	10.9%
Fidelity Australian Equities	Australian Equity	19.1%	9.8%
Arrowstreet Global Equity (Hedged)	Global Equity	13.4%	6.7%
Greencap Broadcap	Australian Equity	9.7%	5.0%

*Note the percentages shown above have been rounded to one decimal place.

All Funds are eligible for the CGT discount as assets have been held for more than 12 months. For individual investors the discount of 50% has been applied. Different discount rates apply for Super Funds and Companies.

WHAT ARE THE TAX IMPLICATIONS FOR INVESTORS?

- Capital gains are generally taxable in the hands of the investor at their marginal tax rate for the financial year in which the income is attributed, i.e. in this case 2020/2021. The tax implications for investors will depend on their individual circumstances and tax positions at the end of the current financial year.
- Individual investors are entitled to a 50% discount on the capital gains as the Funds have held the assets for more than 12 months.
- There may be further capital gains distributable from the Funds at 30 June 2021, depending on market conditions over the remainder of the financial year.
- The distributions will be reported to investors in their OnePath Tax Statement expected to be issued late July 2021.

WHY ARE CAPITAL GAINS BEING PAID AT THIS TIME?

In late 2020, certain investment funds offered through OneAnswer were restructured at the underlying level. In respect of the four funds this led to a material capital gains tax (CGT) event and the need to distribute realised capital gains to current investors to manage investor equity through the course of the tax year.

WHY WERE THE FUNDS RESTRUCTURED?

The restructure was required to ensure OneAnswer meets regulatory requirements associated with the Ending Grandfathered Conflicted Remuneration legislation, specifically to the way investments are accessed. There has been no change to the Fund's Investment Strategy, Investment Objective or any other fund feature.

WHAT REPORTING WILL I RECEIVE?

- The Quarterly Transaction Statement for the December quarter will show the total amount distributed for the period ending December 2020. This is mailed to investors in late January 2021.
- The OnePath Consolidated Tax Statement will be mailed to investors in late July 2021 and will show the assessable amounts for the financial year.

ANY QUESTIONS?

If you have any questions or require further information, please:

- speak with your financial adviser
- call Customer Services on **133 665**, weekdays between 8.30am to 6.30pm (AEST)
- email customer@onepath.com.au

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