

ONEPATH ALTERNATIVES GROWTH FUND

PORTOLIO IMPROVEMENTS

Continuous Disclosure Notice | 19 July 2021

This Continuous Disclosure Notice provides important information for investors in OneAnswer Investment Portfolio (including Frontier and //Select).

WHAT ARE THE CURRENT UNDERLYING FUNDS?

The OnePath Alternatives Growth Fund (**the Fund**) currently invests in the following underlying funds:

- GMO Systematic Global Macro Trust (**GMO**)
- Fulcrum Diversified Absolute Return Fund (**Fulcrum**)
- Bentham Syndicated Loan Fund (**Bentham**)
- Man AHL Alpha (AUD) Fund (**Man**).

WHAT ARE THE CHANGES?

Starting on, or around, 19 July 2021, the following underlying funds/strategies will be added as new investments for the Fund:

- the Janus Henderson Global Multi-Strategy Fund (**GMSF**) issued by Janus Henderson Investors (Australia) Funds Management Limited, and
- the Metrics Wholesale Investment Trust (**MWIT**) issued by Metrics Credit Partners Pty Ltd.

The long term strategic asset allocation will be approximately 25% to GMSF and 20% to MWIT within the Fund.

As part of these changes, the existing strategic asset allocation to Bentham Syndicated Loan Fund will be removed but it will remain an approved investment for the Fund.

The target asset allocation weights for the GMO Systematic Global Macro Trust and the Fulcrum Diversified Absolute Return Fund will also be reduced for each from 30% to 20%.

WHY ARE WE MAKING THESE CHANGES?

Following a recent review by our Investment team, we believe the changes will offer the following key benefits for the Fund:

- it will introduce additional sources of returns and assist the Fund in meeting its investment objectives over a market cycle
- it will contribute to an improved risk/return profile for the Fund due to diversity of risk sources and ensure it is well positioned to protect capital during drawdowns in traditional equity markets, and
- the investment managers managing GMSF and MWIT are highly experienced and capable in their respective segments and are well positioned to manage through various market conditions.

WHAT WILL THE CHANGES MEAN FOR INVESTORS CURRENTLY INVESTED IN THE FUND?

- Investors will not see a transaction on their account as there will be no switch of units or change in the number of units they hold.
- After the transition, the Fund's underlying assets will be held across GMST, MWIT, GMO, Fulcrum and Man.
- The Fund will remain open to all transactions throughout the transition period.
- A one-off transaction cost will be incurred but there will be no other increases to fees and costs (refer below).

OVERVIEW OF THE UNDERLYING FUNDS/STRATEGIES

Our Investment team have conviction in the respective management teams of GMSF and WIT and believe the addition of both underlying funds (detailed below) will complement the other underlying strategies within the Fund. In particular, by offering additional sources of returns from strategies not currently covered by existing strategies with low to moderate expected volatility.

Janus Henderson Global Multi-Strategy Fund (GMSF)

A global multi-strategy hedge fund managed by Henderson Global Investors Limited, which seeks absolute returns through investing across a diversified suite of skill-based, market neutral strategies, combined with a risk aware approach to portfolio construction and protection.

GMSF seeks to provide positive absolute returns, with its return objective being to outperform the Bloomberg AusBond Bank Bill Index by 7% p.a. (before fees) over rolling three-year periods, with low to moderate volatility and low correlation to both traditional and alternative asset classes.

Metrics Wholesale Investment Trust (MWIT)

A domestic private debt fund managed by Metrics Credit Partners Pty Ltd (Metrics), offering investors exposure to Australia's bank dominated corporate loan market by investing in loans to public companies, private companies, infrastructure, project finance, private equity sponsored, real estate, and structured finance borrowers, either directly or via investment in other wholesale funds managed by Metrics (i.e. MCP Diversified Australian Senior Loan Fund, the MCP Secured Private Debt Fund II and the MCP Real Estate Debt Fund).

MWIT seeks to provide direct exposure to a well-diversified portfolio of predominantly Australian corporate loans diversified across borrowers, industries, and credit quality with the objective of generating strong risk-adjusted returns as a result of the active management and direct origination capabilities of the Metrics team.

WHEN WILL THE TRANSITION TAKE PLACE AND HOW WILL IT WORK?

The transition is expected to start on, or around, 19 July 2021.

The changes will occur at the underlying asset level of the Fund, with the necessary rebalancing to occur between existing underlying funds and the new underlying funds (GMSF and MWIT) over time.

WILL TRANSITION COSTS BE INCURRED?

Yes, as the transition process will require rebalancing of the portfolio, transaction costs will be incurred by the Fund where buy/sell spreads apply to one or more of the underlying funds being rebalanced.

We expect the total 'one off' cost of the transition to not exceed 0.10% and it will be reflected in the unit price of the Fund.

We believe the expected long-term benefits from these portfolio changes will significantly outweigh any transaction costs incurred.

WILL THERE BE ANY CHANGES TO ONGOING FEES AND COSTS?

No, there will be no changes to ongoing fees charged to investors' accounts as a result of the changes.

The Fund does not charge performance fees directly. However, performance-related fees may be payable from the underlying investment funds to the underlying fund managers.

WILL THE TRANSITION HAVE ANY TAX IMPLICATIONS?

The replacement of the underlying investment funds by selling current funds may result in the realisation of capital gains at the time of transition. Based on current market values, any resulting capital gains are not expected to be significant and some redemptions will result in capital losses.

Where a capital gain is made we will consider the implications and determine whether we will process a special distribution of capital gains as a result of the underlying fund replacement. We will keep you updated if there are any distributions of capital gains.

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 and 6.30pm (AEST), or
- or email customer@onepath.com.au.

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