



OneAnswer & ANZ OneAnswer investment portfolio - capital gain distributions

This Adviser Notice provides important information for current investors of OneAnswer Investment Portfolio, including //Select, Frontier, and ANZ OneAnswer Investment Portfolio.

We will be distributing capital gains from some funds in January 2022

Three investment funds offered through OneAnswer and ANZ OneAnswer will make a distribution of capital gains mid-January 2022, with an effective date of 31 December 2021.

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

Investors in these three 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 2021 distribution payment.

Which products are impacted by the capital gain distributions?

- OneAnswer Investment Portfolio
- OneAnswer Investment Portfolio//Select
- OneAnswer Frontier Investment Portfolio
- ANZ OneAnswer Investment Portfolio.

There is no impact to OneAnswer or ANZ OneAnswer Personal Super and Pension clients as tax is provided for in the unit price of the super fund, and no tax is payable in the pension fund.

Which investment funds are impacted?

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

- BlackRock Diversified ESG Growth
- BlackRock Advantage International Equity
- BlackRock Advantage Australian Equity - OneAnswer Investment Portfolio, OneAnswer Investment Portfolio//Select and OneAnswer Frontier Investment Portfolio only.

When are capital gain distributions being paid?

On or around 15 January 2022.

How do I know which of my clients are impacted?

Log into Adviser Advantage > Account Access, select Reports > Adviser Reports > Client Portfolio Balances. Next, select an Excel format for the report output and click 'Run report'. Once the report is generated you can filter and/or sort the Excel by the Fund Manager column for:

- BlackRock Diversified ESG Growth
- BlackRock Advantage International Equity
- BlackRock Advantage Australian Equity.

How are we communicating with investors?

We will publish an update on our website to advise clients of the capital gain distributions.

What is the effective date of the capital gain distribution?

The distributions are being paid for the period ending 31 December 2021. 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 2022. The overall value of their investment does not change but the unit price will fall and the units on issue will increase. The vast majority of investors in the Funds have nominated this method.
- 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 19 January 2022. These investors will also see the unit price and their account balance fall by the distributed amount.

How much capital gain will be distributed?

OneAnswer Investment Portfolio (including //Select) and OneAnswer Frontier Investment Portfolio

Investment fund	Asset class	Approximate portion of members' investment returned as distribution*	Assessable amount after applying CGT discount (approximate)#
BlackRock Diversified ESG Growth	Diversified	17.0%	8.5%
BlackRock Advantage International Equity	Global Equity	17.1%	8.5%

ANZ OneAnswer Investment Portfolio

Investment fund	Asset class	Approximate portion of members' investment returned as distribution*	Assessable amount after applying CGT discount (approximate)#
BlackRock Advantage Australian Equity	Australian Equity	14.0%	7.0%
BlackRock Diversified ESG Growth	Diversified	17.0%	17.0%
BlackRock Advantage International Equity	Global Equity	22.0%	11.0%

* 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 2021/2022. 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 2022, 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 August 2022.

Why are capital gains being paid at this time?

In late 2021, certain investment funds offered through OneAnswer and ANZ OneAnswer were restructured at the underlying level. In respect of the three 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.

For example, if we did not distribute the capital gains soon after the restructure, and a large number of investors left the Funds during the second half of the financial year then the remaining investors would bear a larger share of the gains at year end. Conversely new investors to the Funds after the restructure would be subject to capital gains incurred prior to the time they entered the Funds.

By passing through the capital gain implications in January, investors have more than five months remaining in the financial year to prepare for their tax outcome.

Why were the funds restructured?

The restructure was required to ensure OneAnswer and ANZ OneAnswer meet regulatory requirements associated with the Ending Grandfathered Conflicted Remuneration legislation, specifically to the way

investments are accessed. There has been no change to the Funds' Investment Strategy, Investment Objective or any other fund feature.

For some of the Funds we moved to a mandate arrangement. This means the Funds are now invested in direct assets with asset management instructions coming directly from the Fund Manager. Where this is the case, the new structure will result in greater efficiency and lead to service improvements for investors. For example, unit prices will be made available within one day instead of two days. Faster unit pricing means we can process transactions and distributions of income and capital more efficiently and quickly for our investors.

Why did the restructure trigger capital gains?

The restructure involved the sale of current units we held in an external unit trust and the repurchase of new units or new assets (depending on the Fund). As a result of the disposal of units, a capital gains tax event occurred. In the case of the three Funds this led to realised capital gains. The capital gains were a result of strong investment market performance over preceding years.

There were other investment funds restructured in late 2021 however in those cases, there were either no capital gain implications or the amount of capital gain was considered not material enough to distribute mid-financial year.

What reporting will investors receive?

- The Quarterly Transaction Statement for the December quarter will show the total amount distributed for the period ending December 2021. This is mailed to investors in late January 2022.
- The OnePath Tax Statement will be mailed to investors in late August 2022 and will show the assessable amounts for the financial year.

Any questions?

OnePath Advisers, please:

- call Adviser Services on 1800 804 768, weekdays between 8.30am and 6.30pm (AEST)
- email us at adviser@onpath.com.au
- speak with your IOOF Business Development Manager.

ANZ Advisers, please:

- call ANZ ServicePlus on 1800 998 996, weekdays between 8.00am and 5.30pm (AEST)
- email us at anzserviceplus@anz.com
- speak with your IOOF Business Development Manager.

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