

ONEPATH ALTERNATIVES GROWTH FUND

PORTOLIO CHANGES

Continuous Disclosure Notice | 1 June 2023

This Continuous Disclosure Notice provides important information for investors in each of:

- OneAnswer Investment Portfolio (including Frontier and // Select)
- OneAnswer Personal Super and Pension (including Frontier and // Select)
- OnePath Alternatives Growth Fund (where invested directly)

in relation to the Underlying Funds into which the OnePath Alternatives Growth Fund invests.

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**)
- Janus Henderson Global Multi-Strategy Fund (**GMSF**)
- Metrics Wholesale Investment Trust (**MWIT**).

WHAT ARE THE CHANGES?

With effect on and from 1 June 2023, the following changes will be made to the list of Underlying Funds invested into by the OnePath Alternatives Growth Fund (the **Fund**) (ARSN 121 982 796):

Underlying Funds to be added

- Keynes Dynamic Beta Strategy (Offshore) Fund Limited – the investment manager is PGIM Wadhvani LLP (PGIM), employing its Systematic Absolute Return Plus (**SAR Plus**) strategy
- One River Systematic Trend SP (a segregated portfolio of the Peters Thematic SPC Fund Ltd) – the investment manager is One River Asset Management (ORAM), employing its Systematic Trend (**Trend**) strategy
- One River Systematic Alternative Markets Trend SP (a segregated portfolio of the Peters Thematic SPC Fund Ltd) – the investment manager is One River Asset Management (ORAM), employing its Systematic Alternative Markets Trend (**Alt Markets Trend**) strategy

Underlying Funds to be removed

- GMO Systematic Global Macro Trust
- Man AHL Alpha (AUD) Fund

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.

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:

- the addition of new highly experienced investment managers who have proven capability in their respective segments, and are well positioned to manage through various market conditions;
- lower overall look-through fees and expenses of the new Underlying Funds, when compared with those being exited, meaning more investor capital will remain invested in the relevant markets and strategies managed by the revised portfolio of investment managers; and
- continued targeted low volatility of returns (less than half that expected of Global Equities), with less downside risk than traditional asset classes.

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 GMSF, MWIT, Fulcrum, SAR Plus, Trend, Alt Markets Trend and Bentham.
- A one-off transaction cost will be incurred but there will be no other increases to fees and costs (refer below for further detail).
- There may be a distribution of capital and/or income as a result of the transition (refer below for further detail).

OVERVIEW OF THE UNDERLYING FUNDS/STRATEGIES

Our Investment team have conviction in the respective investment management teams and believe the addition of the new 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.

The **Keynes Dynamic Beta Strategy (Offshore) Fund** strategy applies a systematic macroeconomic investment process which includes both directional (to average a 75% allocation over a full investment cycle) and relative value (25%) strategies, which seek to harvest risk premia in a non-linear fashion and emphasize drawdown avoidance. The strategy invests long and short across global equity, fixed income, currency and commodity markets, and utilises deep academic/theoretical input to generate signals, with a heavy focus on research and signal evolution. The strategy incorporates time-varying weights for macroeconomic, value, carry, sentiment, and intermarket linkages in a dynamic process, and employs advanced portfolio construction and risk management techniques seeking to protect client capital, focusing on downside volatility.

The **One River Systematic Trend SP** strategy seeks to exploit medium to long term trends frequently observed in various equities, rates, FX, and commodities 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 managers 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.

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

The transition is expected to start on, or around, 1 June 2023.

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 on or around 1 June 2023.

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 0.02% which 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 Funds to the Underlying Fund managers.

WILL THE TRANSITION HAVE ANY TAX IMPLICATIONS?

The transition process will involve selling current Underlying Funds and therefore 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.

Overall, we believe the expected long-term benefits from these portfolio changes will significantly outweigh any tax implications.

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 transition process. 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/AEDT), or
- or email client@onepathsuperinvest.com.au.

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