

IMPORTANT CHANGES AND INFORMATION

30 June 2018

1

Your 2018 Annual Report

In line with ANZ Wealth's ongoing commitment to reducing our impact on the environment, your Annual Report will be available online in December at onepath.com.au > Personal > Forms & brochures > select the product name > Reports tab.

If you would like to receive a hard copy (free of charge) please contact Customer Services on 133 665.

2

OneAnswer investment menu enhancements

At ANZ Wealth, we're committed to helping you achieve your financial goals by regularly reviewing the investment menu of OneAnswer, making sure you have access to market-leading investment funds.

OneAnswer replacement funds

In September 2017, the underlying funds of five investment options were replaced with new underlying funds that are highly-rated and well-positioned to deliver a strong performance over the long-term. The table below provides details of the investment options that were changed.

If you were invested in one of the investment options noted in the 'Previous investment option' column below, then your investment is now in the 'Replacement investment option'. The change occurred at the underlying fund level in September 2017.

We believe the replacement investment options are more likely to meet their investment objectives, and provide stronger risk-adjusted performance over the long term.

Overview of key changes

Previous investment option	Replacement investment option	Ongoing fees (% p.a.)*	Previous buy/sell spreads	New buy/sell spreads
AMP Capital Responsible Investment Leaders Australian Shares	Perpetual Ethical SRI	No change	0.25% / 0.25%	0.15% / 0.15%
AMP Capital Responsible Investment Leaders International Shares	Stewart Investors WorldWide Sustainability	No change	0.30% / 0.30%	0.25% / 0.25%
Capital Group Global Equities (Hedged)	BT Core Hedged Global Shares	Lower by 0.05% p.a.	0.10% / 0.10%	0.05% / 0.05%
Goldman Sachs Income Plus	BT Monthly Income Plus	Lower by 0.10% p.a.	0.10% / 0.10%	0.07% / 0.07%
Zurich Investments Global Thematic Shares	Antipodes Global (Long only)	Lower by 0.02% p.a. & introducing performance fee**	0.08% / 0.08%	0.30% / 0.30%

* For the ongoing fees applicable, please refer to the relevant Product Disclosure Statements.

** The Antipodes Global (Long only) fund has a performance fee of 15%, which applies when the underlying fund outperforms the MSCI All Country World Net Index in AUD.

What do these changes mean for investors?

- The investment objective, investment strategy, asset allocation benchmark, asset allocation ranges and the underlying fund manager changed.
- The ongoing fees remained the same or reduced, except for the Antipodes Global (Long only) fund which has a performance fee of 15% which applies when the underlying fund outperforms the MSCI All Country World Net Index in AUD.
- New buy/sell spreads apply to applications and withdrawals.
- These transitions did not affect investors' accounts in terms of the current unit price, nor did they result in a transaction at the account level as the changes occurred at the underlying fund level.
- The name(s) of the investment option(s) changed in correspondence and statements.

Fund profiles for the replacement options are provided on the following pages.



Antipodes Global (Long only)

Investment objective

To provide absolute returns in excess of the MSCI All Country World Index over the investment cycle (typically three to five years) at below market levels of risk.

Investment strategy

The fund typically invests in a select number of attractively valued companies listed on global share markets (usually between 20 and 60). The fund is also permitted to utilise exchange traded derivatives for risk management purposes subject to the specific restrictions that such derivatives cannot be used to gear portfolio exposure and that the underlying effective face value is limited to 10% of the NAV of the fund unless used to manage currency risk.

Currency exposure will generally reflect the currency of the underlying securities. However, where the Investment Manager believes there is a strong likelihood of a decline in the underlying currency, currency derivatives, both over-the-counter and exchange traded, may be used to hedge subject to the specific restriction that such derivatives cannot be used to gear portfolio exposure.

Minimum time horizon

5 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash equivalent investments	0	0–25
International equities*	100	75–100

Underlying fund: Antipodes Global Fund – Long only

* For reasons of investment efficiency, the fund may gain its exposure by holding units in other pooled funds and/or through direct investment holdings.



BT Core Hedged Global Shares

Investment objective

The fund aims to provide a return (before fees, costs and taxes) that exceeds MSCI World ex Australia (Standard) Index (Net Dividends) hedged to AUD over the medium to long term. The suggested investment timeframe is five years or more.

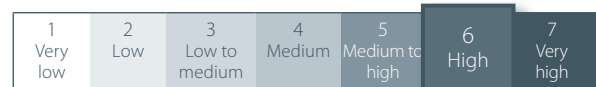
Investment strategy

As manager for the fund's international shares, AQR's investment process is based on their quantitative investment strategies and aims to add value through active stock and industry selection and investment research. AQR employs a systematic investment process to maintain a highly diversified and risk controlled portfolio that reflects their valuation and momentum philosophy. Value investing is buying securities that are cheap and selling those that are expensive. Momentum investing is buying securities that are improving and selling securities that are deteriorating. AQR's investment research focuses on valuation, momentum, earnings quality, investor sentiment, sustainable growth and management quality themes. Whilst the fund can invest in any international sharemarket that offers attractive opportunities, most investments will be located in the United States, Europe and Japan. The fund may also hold cash and may use derivatives. The fund has assets that are denominated in foreign currencies. The fund's foreign currency exposure will generally be fully hedged back to the Australian dollar to the extent considered reasonably practicable.

Minimum time horizon

5 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–20
International shares	100	80–100

Underlying fund: BT Wholesale Core Hedged Global Share Fund



BT Monthly Income Plus

Investment objective

The fund aims to provide a return (before fees, costs and taxes) that exceeds the RBA Cash Rate over rolling three year periods while allowing for some capital growth to reduce the impact of inflation.

Investment strategy

The fund's investment strategy seeks to provide a reliable and consistent income stream that is commensurate with the prevailing cash rate. This will be achieved primarily by exposure to liquid cash and fixed income investments that generally continue to produce income even in times of stress.

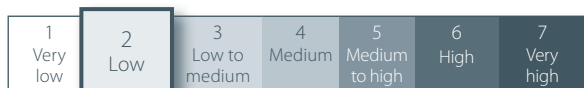
The fund's strategy also seeks to reduce the impact of inflation through exposure to growth assets (namely Australian shares) which will provide investors with the potential for some capital growth.

The fund invests mainly in fixed and floating credit, government bonds and cash securities as well as Australian shares. The fund is diversified with the goal of achieving stability and consistency of income over the long-term.

Minimum time horizon

3 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	n/a	0–50
Fixed interest	n/a	20–100
Shares	n/a	0–30

Underlying fund: BT Wholesale Monthly Income Plus Fund



Perpetual Ethical SRI

Investment objective

The fund aims to outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three year periods.

Investment strategy

Perpetual researches companies of all sizes using consistent share selection criteria. Perpetual's priority is to select companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business and recurring earnings. In addition to the above investment approach, Perpetual utilises a strategy for screening ethical and socially responsible investments. Derivatives may be used in managing the fund.

Minimum time horizon

5 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
Australian shares*	100	90–100

Underlying fund: Perpetual Wholesale Ethical SRI Fund

* The fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange but may have up to 20% exposure to shares listed on or proposed to be listed on any recognised global exchange. Currency hedges may be used from time to time.



Stewart Investors WorldWide Sustainability

Investment objective

The fund aims to achieve long term capital growth by investing in the shares of those companies which are particularly well positioned to benefit from, and contribute to the sustainable development of the countries in which they operate. The fund aims to exceed the MSCI All Country World Index over rolling five year periods before fees and taxes.

Investment strategy

The fund will seek to invest in a diverse portfolio of equity securities which are listed, traded or dealt in on any of the regulated markets worldwide. The portfolio construction process does not take into account the constituents of the benchmark.

The fund may have exposure to developed or emerging markets whilst maintaining its geographic diversity. The investment process will take account of sustainability themes and issues and requires positive engagement with companies in respect of these. The fund does not hedge currency risk.

Minimum time horizon

7 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
International shares	100	90–100

Underlying fund: Stewart Investors WorldWide Sustainability Fund – Class A.

New funds added in September 2017

New investment funds have been added to the OneAnswer investment menu. As an existing investor you may now benefit from these changes.

The following funds have been added:

- Colonial First State Global Listed Infrastructure
- Greencap Broadcap
- Nikko AM Australian Shares
- T. Rowe Price Dynamic Global Bond

The investment objectives, strategies, minimum time horizons and asset allocations for the new investment funds are outlined on the following pages. Should you wish to invest in any of these funds, please obtain a current Product Disclosure Statement from your financial adviser or Customer Services on 133 665, as the terms and conditions, including fees and costs may vary from those of your current investments.

Additional information – new fund profiles



Colonial First State Global Listed Infrastructure

Investment objective

The fund aims to deliver capital growth and inflation protected income by investing in a globally diversified portfolio of infrastructure securities. The fund aims to outperform the FTSE Global Core Infrastructure 50/50 hedge AUD index over rolling three year periods before fees and taxes.

Investment strategy

The fund invests in shares of infrastructure companies around the world. The infrastructure sector includes operating assets from the transport, utilities, energy and communications sectors. The assets held by these companies typically offer high barriers to entry, pricing power, and structural growth. The strategy is based on active, bottom-up security selection which seeks to identify mispricing. The fund seeks to minimise risk through on-the-ground research, focus on quality and sensible portfolio construction. This fund aims to hedge its currency exposure.

Minimum time horizon

7 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
Infrastructure Securities	100	90–100

Underlying fund: Colonial First State Global Listed Infrastructure Securities Fund – Class A.



Greencape Broadcap

Investment objective

The fund aims to outperform the S&P/ASX 300 Accumulation Index over rolling three-year periods.

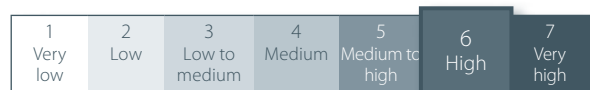
Investment strategy

The fund offers investors a diversified portfolio of large, mid and small cap Australian shares, providing the potential for long term capital growth. Greencape is an active, 'bottom-up' stock picker and a style that may be classified as 'growth at a reasonable price'. Greencape's research is grounded in fundamental analysis, with its efforts focused heavily on an intensive visitation program encompassing all participants in a given supply chain.

Minimum time horizon

5 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–15
Australian shares	100	75–100
International shares	0	0–10

Underlying fund: Greencape Wholesale Broadcap Fund



Nikko AM Australian Shares

Investment objective

The fund aims to outperform the S&P/ASX200 Accumulation Index by more than 2.5% p.a. over rolling five year periods, before fees, expenses and tax.

Investment strategy

The fund is managed using an active high conviction style with stock selection based on a ranking of expected return (i.e. Internal Rate of Return) determined by in-depth fundamental company research with a medium-term outlook.

Nikko AM applies its Comparative Value Analysis process and risk management tools to select intrinsic value investments that offer the best compromise between risk and expected return.

Derivatives may be used to gain or reduce market exposures, however the fund's investment strategy does not permit derivatives to be used for speculative or gearing purposes.

Minimum time horizon

5+ years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash and short-term securities	5	0–10
Australian shares	95	90–100

Underlying fund: Nikko AM Australian Share Wholesale Fund, which is managed by Nikko AM Limited and issued by its related party, Nikko Asset Management Australia Limited as Responsible Entity.



T. Rowe Price Dynamic Global Bond

Investment objective

The fund's investment objective is to achieve a return of 2.5% (gross of fees) per annum above the Bloomberg AusBond Bank Bill Index over the full economic cycle. The fund seeks to generate positive returns from global fixed-income with a focus on downside risk and providing diversification from equity markets.

Investment strategy

The investment strategy of the fund is:

- to generate a consistent performance over the benchmark by exploiting inefficiencies in the global fixed income and currency markets.
- to achieve a total return, including capital gains and income, in excess of 2.5% per annum gross of fees above the benchmark over the full economic cycle.
- to control the amount of risk taken and to limit downside risk. Minimum 80% of the currency risk hedged back to the Australian dollar.

Minimum time horizon

3-5 years

Standard Risk Measure



For more information on Risk Profile, see the Standard Risk Measure on page 20.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	n/a	0-75
Non-government bonds	n/a	0-50
Australian government bonds	n/a	0-50
Securities rated below investment grade	n/a	0-20

Underlying fund: T. Rowe Price Dynamic Global Bond Fund.



OnePath Global Property Securities Fund – change of investment approach

From 18 September 2017, the investment approach, asset manager and name of the OnePath Global Property Securities Fund (the 'Fund') was changed. Instead of investing via an active investment process, the Fund now utilises a passive approach to investing.

We believe that the global property universe is largely homogenous, meaning a lower probability for active managers to consistently deliver outperformance. By moving to a passive investment strategy, we can provide members with a low cost investment option which provides a return commensurate with the relevant index return.

As a result of the change, management of the assets moved from an actively managed approach (undertaken by CBRE Clarion Securities LLC) to a passively managed approach (undertaken by Vanguard Investments Australia Limited).

The name of the Fund has been changed to OnePath Global Property Securities Index Fund.

The ongoing fee of the Fund has been reduced by 0.42% p.a. as the costs associated with an active investment approach no longer apply. Please refer to the relevant PDS issued 18 September 2017, for the revised ongoing fee details.

The buy/sell spreads (transaction costs) changed as follows to reflect the lower costs of a passive investment strategy.

Previous buy/sell spread	New buy/sell spread
0.15% / 0.15%	0.08% / 0.08%

The investment objectives and strategy effective from 18 September 2017 are noted below:

OnePath Global Property Securities Index

Investment objective

The fund seeks to track the return of the FTSE EPRA/NAREIT Developed Rental Ex-Australia Net Index hedged to the Australian dollar (including income and capital appreciation) before taking into account fees, charges and taxes.

Investment strategy

The fund will have exposure to global listed property securities indices (excluding Australia). The weightings may vary from time to time. This fund may invest in property securities that have been or are expected to be included in the indices. Derivatives are not utilised to leverage the portfolio.

4

OnePath Alternatives Growth Fund – changes to the underlying funds

From 18 September 2017, changes were made to some of the underlying funds of the OnePath Alternatives Growth Fund (the 'Fund'). These are noted below:

- AQR Wholesale Managed Futures Fund was removed as an underlying fund; and
- Fulcrum Diversified Absolute Return Fund and Bentham Wholesale Syndicated Loan Fund were added as new underlying funds.
- GMO Systematic Global Macro Trust and Man AHL Alpha (AUD) Fund continue as underlying funds.

We made these changes to gain:

- access to a more diversified portfolio of highly rated alternative investment managers and strategies; and
- broader exposure to the investment opportunities available in global developed and emerging markets, across sectors including equities, bonds, credit, currencies and commodities.

There were no changes to the ongoing fees for the Fund. The new underlying fund managers do not charge performance-related fees. The buy/sell spreads (transaction costs) changed as follows to reflect the costs of the new underlying investments.

Previous buy/sell spread	New buy/sell spread
0.00% / 0.30%	0.09% / 0.09%

5

OnePath Tax Effective Income Fund – investment objective and strategic asset allocation change

From 18 September 2017, the investment objective, strategic asset allocation benchmarks and associated ranges of the OnePath Tax Effective Income Fund (the 'Fund') were adjusted.

The revised investment objective is more reflective of our return expectations for the Fund, based on current and future market conditions for the Fund's underlying assets, particularly fixed interest assets.

The new investment objective is what we realistically expect can be achieved over the longer term, but is not a guarantee of performance. In addition, past investment performance is not indicative of future performance.

Investment objective change

Previous investment objective	Effective 18 September 2017
The fund aims to provide income and achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5.0% p.a. over periods of five years or more.	The fund aims to provide income and achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4.5% p.a. over periods of ten years or more.

Strategic asset allocation

Asset class	Previous		Effective 18 September 2017	
	Benchmark (%)	Range (%)	Benchmark (%)	Range (%)
Cash	0	0-25	10	8-12
Australian fixed interest	30	0-40	20	18-22
Total Defensive	30		30	
Property securities	30	20-40	30	28-32
Australian shares	40	30-50	40	38-42
Total Growth	70		70	

6

OptiMix and OnePath Diversified Funds – strategic asset allocation changes

From 18 September 2017, the strategic asset allocation benchmarks and associated ranges of the OptiMix and OnePath Diversified Funds (the 'Funds') were adjusted.

We believe these changes will better position the Funds to meet their investment objective as lower returns are expected from cash over the next 10 years. Furthermore, the investment ranges remain sufficiently broad to allow the investment team to manage downside risks effectively. These changes will not impact the Fund's investment strategies, investment objective or level of investment risk.

The changes are outlined in the tables below:

OptiMix Conservative

Asset Class†	Previous			Effective 18 September 2017		
	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	20	7	43	7	0	27
Australian fixed interest	18	5	31	22	12	32
International fixed interest	20	7	33	20	10	30
Listed real assets	3	0	12	4	0	12
Australian shares	12	0	25	10	0	20
International shares	10	0	23	12	2	22
Alternative assets	17	5	29	25	13	37

† The maximum exposure to growth assets for the OptiMix Conservative Fund is 43%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix Moderate

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	8	0	31	5	0	25
Australian fixed interest	14	0	32	17	2	32
International fixed interest	17	0	35	14	0	29
Listed real assets	3	0	12	6	0	16
Australian shares	20	2	38	18	3	33
International shares	19	1	37	20	5	35
Alternative assets	19	5	33	20	4	36

† The maximum exposure to growth assets for the OptiMix Moderate Fund is 69%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix Balanced

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	4	0	27	3	0	23
Australian fixed interest	8	0	31	9	0	29
International fixed interest	9	0	32	8	0	28
Listed real assets	3	0	12	6	0	16
Australian shares	29	6	52	27	7	47
International shares	27	4	50	29	9	49
Alternative assets	20	6	34	18	1	38

† The maximum exposure to growth assets for the OptiMix Balanced Fund is 93%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	4	0	27	4	0	24
International fixed interest	6	0	29	5	0	25
Listed real assets	3	0	12	8	0	18
Australian shares	35	12	58	34	14	54
International shares	34	11	57	35	15	55
Alternative assets	18	4	33	13	0	33

† The maximum exposure to growth assets for the OptiMix Growth Fund is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix High Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	0	0	23	0	0	20
International fixed interest	0	0	23	0	0	20
Listed real assets	3	0	12	8	0	18
Australian shares	43	20	66	40	20	60
International shares	42	19	65	45	25	65
Alternative assets	12	3	28	6	0	26

† The maximum exposure to growth assets for the OptiMix High Growth Fund is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath Conservative

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	20	7	43	7	0	27
Australian fixed interest	18	5	31	22	12	32
International fixed interest	20	7	33	20	10	30
Listed real assets	3	0	12	4	0	12
Australian shares	12	0	25	10	0	20
International shares	10	0	23	12	2	22
Alternative assets	17	5	29	25	13	37

† The maximum asset allocation to growth assets for the OnePath Conservative Fund is 43%. Listed Real Assets may include allocations to Global Listed Property and Infrastructure Securities. International shares may include exposure to emerging markets and/or global small cap securities. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath Balanced

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	8	0	31	5	0	25
Australian fixed interest	14	0	32	17	2	32
International fixed interest	17	0	35	14	0	29
Listed real assets	3	0	12	6	0	16
Australian shares	20	2	38	18	3	33
International shares	19	1	37	20	5	35
Alternative assets	19	5	33	20	4	36

† The maximum asset allocation to growth assets for the OnePath Balanced Fund is 69%. Listed Real Assets may include allocations to Global Listed Property and Infrastructure Securities. International shares may include exposure to emerging markets and/or global small cap securities. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath Managed Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	4	0	27	3	0	23
Australian fixed interest	8	0	31	9	0	29
International fixed interest	9	0	32	8	0	28
Listed real assets	3	0	12	6	0	16
Australian shares	29	6	52	27	7	47
International shares	27	4	50	29	9	49
Alternative assets	20	6	34	18	1	38

† The maximum exposure to growth assets for the OnePath Managed Growth Fund is 93%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath High Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	0	0	23	0	0	20
International fixed interest	0	0	23	0	0	20
Listed real assets	3	0	12	8	0	18
Australian shares	43	20	66	40	20	60
International shares	42	19	65	45	25	65
Alternative assets	12	3	28	6	0	26

† The maximum exposure to growth assets for the OnePath High Growth Fund is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath Active Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	n/a	0	50	n/a	0	45
Australian fixed interest	n/a	0	50	n/a	0	50
International fixed interest	n/a	0	50	n/a	0	50
Listed real assets	n/a	0	20	n/a	0	20
Australian shares	n/a	0	80	n/a	0	70
International shares	n/a	0	40	n/a	0	70
Alternative assets	n/a	0	31	n/a	0	31

† International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

7 OneAnswer BlackRock Balanced Fund – changes to asset allocation

In August 2017, BlackRock Investment Management Australia Limited (BlackRock) made changes to the underlying fund's investment objective, strategy and strategic asset allocation. These changes allow for:

- transition to a more diversified SAA;
- greater use of tactical asset allocation; and
- increased flexibility to better manage total portfolio risk during periods of market extremes.

As the OneAnswer Fund (the 'Fund') invests wholly in the underlying fund, we adopted the following changes for the Fund:

Change in the investment objective

BlackRock has advised the new investment objective of the underlying fund aims to outperform peer performance consistent with a 'growth' orientated investment strategy encompassing:

- a broadly diversified exposure to Australian and international assets;
- active asset allocation, security selection and risk management;
- flexibility to deviate meaningfully from the strategic asset allocation to help manage total portfolio risk.

The underlying fund aims to outperform its benchmark indices over a 5-year rolling period before fees.

Change in the strategic asset allocation

BlackRock conducts regular reviews of the strategic asset allocation of its funds. The strategic asset allocation weights were adjusted to reflect the underlying manager's expectations of risks and returns. The changes are outlined in the table below:

Asset class	Previous (%)	Effective August 2017 (%)	Change (%)
Australian shares	32.00	30.00	-2.00
Australian property	5.50	0.00	-5.50
International shares	28.75	29.00	0.25
International listed property	2.00	6.00	4.00
International listed infrastructure	0.00	3.00	3.00
Emerging market shares	0.00	3.00	3.00
Total growth assets	68.25	71.00	2.75
Australian fixed income	14.00	15.00	1.00
International fixed income	8.00	6.00	-2.00
Emerging market USD bonds	0.00	3.00	3.00
Cash*	9.75	5.00	-4.75
Total defensive assets	31.75	29.00	-2.75

* The underlying fund's cash allocation may include exposure to underlying funds through which active allocations are made.

Change to the name of the underlying fund

The underlying fund has been renamed, from BlackRock Wholesale Balanced Fund to BlackRock Tactical Growth Fund. The name of the OneAnswer Fund has not yet changed, however we expect to change the name to be consistent with the underlying fund at a future date.

8 Closure of selected OneAnswer investment funds

From 18 September 2017, we closed the following funds (the 'Funds') from the OneAnswer investment menu.

These funds were:

- OnePath Cash, and
- SG Hiscock Property.

The Funds will continue to be managed according to the current investment objective and strategy. Existing investors are still able to reinvest their income distributions (investment clients only) and reinvest ongoing fee rebates, and withdraw or switch out at any time.

- For investment clients: we can no longer accept additional investments (including regular investments) or switches in to the Funds.
- For superannuation clients: existing investors can continue to make contributions and switch in.
- For pension clients: existing investors can continue to switch in.

9

OnePath Protected AUS 50 Fund – closure and termination

The OnePath Protected AUS 50 Fund (the 'Fund') was closed to new investors in September 2017 and subsequently was terminated (or wound up) in May 2018.

For super members, the balance of their investment in the Fund was switched into the Vanguard Balanced Index Fund in May 2018. For investment clients, the balance of their investment in the Fund was returned to them in May 2018.

10

Henderson Global Investors – fund name changes

Following the merger with Janus Capital Group, the investment management company, Henderson Global Investors, has changed its name to Janus Henderson Investors. As a result, the names of the following investment funds (the 'Funds') offered through OneAnswer were changed on 18 September 2017:

Previous fund name	New fund name
Henderson Australian Equity	Janus Henderson Australian Equity
Henderson Global Fixed Interest Total Return	Janus Henderson Global Fixed Interest Total Return

The same investment teams who are responsible for the day-to-day management continue to actively manage the Funds and there were no changes to their investment objectives or investment strategy.

11

OptiMix Enhanced Cash Fund – removal of an investment manager

Effective from 1 December 2017, the underlying investments of the OptiMix Enhanced Cash Fund (the 'Fund') have been managed by a single investment manager, UBS Asset Management (Australia) Ltd (UBS).

Previously, the underlying investments were managed by Aberdeen Asset Management Limited (Aberdeen) and UBS as part of the OptiMix multi-manager process.

We made the decision to remove Aberdeen as an investment manager of the Fund due to personnel changes in their investment team and uncertainty with respect to a corporate merger. Following that decision, we reviewed other potential investment managers of the cash asset class and determined that adding another investment manager in this asset class would not provide sufficient value to investors in terms of risk adjusted return. As a result, we have retained UBS as the single investment manager for the Fund. The Fund's investment strategy has been updated to remove the reference to the OptiMix multi-manager investment process.

12

OneAnswer Magellan Global Fund – fee increase

The Ongoing Fee of the OneAnswer Magellan Global Fund (the 'Fund') was increased in late 2017 by 0.30% p.a. We wrote to investors in this Fund prior to implementing the fee increase. Please refer to the relevant PDS issued 18 September 2017 for the revised ongoing fee details.

13

OneAnswer AMP Capital Equity Fund – underlying investment approach changed

From 10 November 2017, the manager of the underlying OneAnswer – AMP Capital Equity Fund (the 'Fund') AMP moved to a systematic approach to investing. AMP believes the change will continue to provide investors access to listed Australian equities, but with greater cost effectiveness and diversification. As a result, changes were made to align the Fund's investment approach with the approach adopted by AMP.

- The Fund has transitioned from utilising an **active equity strategy** to an **enhanced index systematic investment strategy**. Systematic investing is a quantitative approach to investing that uses large sets of data to analyse stocks. Passive, enhanced index and smart beta are examples of systematic investing approaches. The Fund's approach to stock selection is based on AMP's proprietary Alpha Model, which ranks stocks on the basis of their expected returns derived from the application of momentum, value and quality investment styles. Managers of active investment funds however, take a more hands-on approach to their investment portfolio and attempt to outperform the broader market through research on individual stocks. Active investment funds also charge higher fees than systematic investment funds.
- The ongoing fee has been reduced by 0.52% p.a. (before tax for super members) as the costs associated with an active investment approach no longer apply.
- The investment objective has been updated to reflect the new systematic investment approach. The Fund now seeks to provide long term capital growth, primarily through a diversified portfolio of Australia's top 200 companies listed on the Australian Stock Exchange (ASX).

14

Standard Risk Measure

The Standard Risk Measure is based on industry guidelines to allow investors to compare investment funds that are expected to deliver a similar number of negative annual returns over any 20-year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives.

Further, it does not take into account the impact of any ongoing fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment fund(s).

How to read an investment profile

Risk Band	Risk Label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

For further information refer to our website at onepath.com.au > Performance & updates > Product updates.

Updated Standard Risk Measures

Option Name	Risk Band	Risk Label	Change
Ausbil Australian Emerging Leaders	7	Very High	↑
Bentham Global Income	6	High	↑
Kapstream Absolute Return Income	4	Medium	↑
Magellan Global	7	Very High	↑
OnePath Balanced	5	Medium to High	↓
OnePath Diversified High Yield	5	Medium to High	↑
OptiMix Australian Fixed Interest	5	Medium to High	↑
OptiMix Moderate	5	Medium to High	↓
Perpetual Australian Shares	7	Very High	↑
AMP Capital Equity (closed option)	6	High	↓
OptiMix Enhanced Cash (closed option)	5	Medium to High	↓

15

Changes to Transition to Retirement accounts

As part of the Federal Government's regulatory reforms of the superannuation industry, earnings (including capital gains) on investment funds within Transition to Retirement (TTR) accounts are no longer 'tax exempt'. Since 1 July 2017 they have been subject to taxation at a maximum rate of 15%.

On 26 May 2018, OneAnswer Pension TTR account balances were transferred from untaxed investment funds (where tax was deducted via a monthly adjustment) to equivalent investment funds where tax is applied via the unit price. This was completed without incurring buy-sell spreads.

What does this mean for TTR members?

- Your account details and all other instructions associated with your TTR account, including member number, pension payments and beneficiary details did not change.
- Your underlying investments remained the same. However, the ANZ Prime Cash Management Account (ANZ Prime CMA) is no longer available to TTR members.
- Your investment funds have taxed unit prices which may be different to the unit prices applying to the untaxed investment funds that you previously held. While the number of units you hold in each investment fund may have changed, the total dollar value of those units did not change as a result of the transfer.
- If you held ANZ Term Deposit options, the maturity date did not change, but any interest earned is subject to tax.
- A final tax adjustment was applied to TTR accounts after the transfer was completed. This amount represented the tax on investment earnings for the period between the previous monthly tax adjustment and the date of transfer.

16

Change to income stream reporting to the DHS from 1 January 2019

If you are a Centrelink benefit recipient or card holder, from 1 January 2019 you will no longer have to provide details of your income stream (as currently provided in your annual OnePath Centrelink schedule (form SA330) to the Department of Human Services (DHS).

Recent legislative changes require certain income stream providers (e.g. OnePath) to provide prescribed information electronically to the DHS directly, on a periodic basis. The new process means that you do not need to provide your Centrelink schedule to the DHS after 31 December 2018.

If you currently provide your OnePath Centrelink schedule to the Department of Veterans' Affairs (DVA), you can continue to do so. The new electronic reporting only applies to the DHS.

In addition, if you start a new income stream or otherwise alter your income stream payments from the information previously provided to the DHS, you will need to update the DHS with the new information, in the same way that you currently do. It will not be reported to the DHS electronically until the next reporting period.

Moving forward you will continue to receive your annual Centrelink schedule, but this is the last year you will need to provide it to the DHS.

For further information you can visit the DHS website humanservices.gov.au > organisations > business > news > automation-income-stream-reviews.

17

Early Release of Superannuation under Compassionate Grounds

From 1 July 2018, under new legislation the Department of Human Services (DHS) will no longer be administering Early Release of Superannuation under Specified Compassionate Grounds. From this date, the ATO will be overseeing the administration of all Specified Compassionate Ground requests.

18

Australian Prudential Regulation Authority Levy and Regulatory Change expense recovery

This section is only applicable to superannuation and pension accounts.

Australia's superannuation system is amongst the best in the world. It is well regulated, however it is also very complex, and has undergone a large amount of regulatory change and Government reforms in recent years.

All Australian Prudential Regulation Authority (APRA) regulated superannuation funds are charged an APRA Levy each year to recover the general operational costs of APRA. The cost of this levy is passed onto members of the OnePath MasterFund (Fund), resulting in 0.006% being applied against the investments of the Fund for the 12 months to 30 June 2018.

In addition, to cover some of the costs incurred to comply with the Government's superannuation regulatory changes and consistent with the approach taken by many superannuation funds across the industry, the Trustee approved an expense recovery of 0.037% to be applied against the investments of the Fund for the 12 months to 30 June 2018.

In June 2018, the APRA levy and Regulatory Change expense recovery of 0.043% was deducted from the unit price of each of your investment option(s), excluding cash, term deposits and guaranteed products (which do not have a unit price). As an example, for a member with a balance of \$50,000, the total impact of this deduction was \$21.50.

Please note, the levy and expense recovery are charged directly from your account. They are deducted from the unit price of each of your investments and will appear on your statement as 'Administration Fee (other)'.

For the 12 months to 30 June 2019 we estimate the APRA levy and expense recovery will be up to 0.08% p.a., which will be reflected in the unit price for members on the day the levy and expense recovery are charged.

19

Changes to complaints resolution services from 1 November 2018

From 1 November 2018, the Superannuation Complaints Tribunal (SCT) and the Financial Ombudsman Service (FOS) will cease to hear new complaints. From this date new complaints should be directed to the Australian Financial Complaints Authority (AFCA). Any issues already registered with FOS or the SCT will continue to be handled by these bodies.

Australian Financial Complaints Authority

GPO Box 3, Melbourne, VIC 3001

Phone: 1800 931 678

Email: info@afc.org.au

Website: afc.org.au

20

Are your contact details up to date?

For superannuation accounts, if you are under age 65 and we do not have contact details for you, you have not contacted us during the last 12 months, and we have not received a contribution or rollover from you, or on your behalf, in the last 12 months, we may be required to close your account and pay it to the Australian Taxation Office (ATO), if your balance is under the legislated threshold. The threshold is \$6,000 from 31 December 2016.

Once this happens, you will lose any insurance associated with the account, and will need to contact the ATO about payment options. Although you can request the monies be redirected to OnePath, this would generally require a new account to be set up, which is not available for all products, and would have pre-existing conditions limitations on any insurance.

Because we don't have your contact details, you will not be provided with prior notification of this happening or confirmation from us that it has happened. However, you will be able to see the amount as Unclaimed Monies by logging on to the MyGov website, my.gov.au

If you have not provided your phone number or email address, you can do so via Account Access, or by calling or emailing us.

In the 2018/19 Federal Budget, the government announced changes to supplement the current regime for transferring lost member balances to the ATO, to protect members with low balances. From the 2019/20 financial year, superannuation funds will be required to transfer inactive accounts (i.e. no contribution has been received within the last 13 months) with balances below \$6,000 to the ATO.

In addition the ATO will be able to consolidate the amount with an active account of the member where the balance of the consolidated account is \$6,000 or more. This proposed change is yet to be legislated and may be subject to change during this process.

Annual statements for super – additional explanatory notes

The following explanatory notes are to be read together with your 2018 Annual Statement for your super account. If you have any further questions about your Annual Statement, please speak to your financial adviser or call Customer Services on 133 665.

Contributions tax

Contributions tax of 15% will apply to any super contributions that you make before tax (concessional contributions). This includes contributions made by your employer (including salary sacrifice contributions) and contributions you are eligible to claim as a personal tax deduction (subject to lodgement of a valid 'Notice of intent to claim a tax deduction' form).

In calculating the amount of tax payable, we may make allowance for the benefit of tax deductions on transactions such as the payment of insurance premiums.

If you are claiming a tax deduction for personal contributions that you made in the Annual Statement period, the related contributions tax on these contributions will only appear in the Annual Statement if we received your 'Notice of intent to claim a tax deduction' form by the relevant date and the notice has been acknowledged by the Trustee.

Tax at a rate of 15% also applies to the untaxed element of a roll-over superannuation benefit and certain foreign super fund transfers. The tax payable is shown on your Annual Statement.

Additional tax for high income earners (Division 293 tax)

An additional 15% tax may apply to certain concessional contributions if your income for surcharge purposes plus your low tax contributions for a financial year exceeds \$250,000 (from 1 July 2017). For further information please visit the ATO website at ato.gov.au or speak to your financial adviser.

Preservation status

Unrestricted Non-Preserved Benefit is the amount of the withdrawal benefit at the close of the reporting period that you can access at any time.

Restricted Non-Preserved Benefit is the amount of the withdrawal benefit at the close of the reporting period that you can access, if you leave an employer who has contributed to this fund on your behalf, or when preserved benefits are payable.

Preserved Benefit is the amount of withdrawal benefit at the close of the reporting period required to be preserved by the Trust Deed and super legislation governing your benefits. Generally, you cannot access this amount until age 65, or once you have reached your preservation age (between age 55 and 60, depending on your date of birth) and you have retired.

The total of the preservation components is net of withdrawal fees and contributions tax payable on contributions that were made up to the end of the reporting period. Please note: where no-TFN contributions tax is payable, the total of the preservation components will differ from the withdrawal amount as any no-TFN contributions tax is deducted from the withdrawal amount and not from the preservation components.

Super Guarantee Allocation

The Super Guarantee Allocation is the amount of employee entitlement paid by the Australian Taxation Office (ATO) representing a superannuation guarantee shortfall and any interest for the shortfall.

This amount includes the 9.5% (for 2018/19) obligation and any interest earned. The Super Guarantee Allocation may appear on your Annual Statement as either an addition or deduction. An addition represents a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid Super Guarantee Allocation by the ATO. This Super Guarantee Allocation amount is determined by the ATO, so you should speak to your financial adviser or contact the ATO in relation to the amount paid.

Government contributions

Government contributions can include the Government co-contribution and the Low Income Superannuation Tax Offset (LISTO) from 1 July 2017 (or Low Income Superannuation Contribution (LISC) before 1 July 2017).

The Government co-contribution helps eligible low and middle income earners who make personal (after-tax) contributions boost their superannuation. The amount of the co-contribution (maximum \$500) depends on your income and how much you contribute.

The LISTO effectively returns the 15% contributions tax (up to \$500) on concessional contributions made in a financial year for low income earners.

The co-contribution may appear on your statement as either an addition or deduction. An addition represents a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid co-contribution by the ATO. Conditions apply. You should speak to your financial adviser or contact the ATO in relation to the amount paid.

OneAnswer Frontier Personal Super, OneAnswer Frontier Pension, OneAnswer Personal Super, OneAnswer Pension, OneAnswer Term Allocated Pension and OneAnswer //Select (OneAnswer Personal Super //Select, OneAnswer Allocated Pension //Select and OneAnswer Term Allocated Pension //Select) are products offered by the OnePath MasterFund (ABN 53 789 980 697, RSE R1001525, SFN 292 916 944) (Fund). When you invest in one of these products, you become a member of the Fund. OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673) is the trustee of the Fund and issuer of this Investor Update for these products.

OnePath Funds Management Limited (ABN 21 003 002 800, AFSL 238342) is the issuer of OneAnswer Frontier Investment Portfolio, OneAnswer Investment Portfolio and OneAnswer Investment Portfolio //Select and the issuer of this Investor Update for these products. The issuers are wholly owned subsidiaries of Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (ANZ). ANZ is an authorised deposit taking institution (Bank) under the *Banking Act 1959* (Cth). Although the issuers are owned by ANZ they are not Banks. Except as described in the relevant Product Disclosure Statement (PDS), an investment with the issuers is not a deposit or other liability of ANZ or its related group companies and none of them stands behind or guarantees the issuers or the capital or performance of an investment. Any investment is subject to investment risk, including possible repayment delays and loss of income and principal invested. Returns can go up and down. Past performance is not indicative of future performance.

This information is current as at July 2018 but may be subject to change. You should read the relevant Financial Services Guide (FSG), PDS, Additional Information Guide (AIG), Investment Funds Guide (IFG), and product and other updates available at onepath.com.au and consider whether the product is right for you before making a decision to acquire, or to continue to hold the product. Alternatively you can request a copy of this information free of charge by calling Customer Services on 133 665. Taxation law is complex and this information has been prepared as a guide only and does not represent taxation advice. Please see your tax adviser for independent taxation advice.

The information provided is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances or objectives. The case studies used in this Investor Update are hypothetical and are not meant to illustrate the circumstances of any particular individual. Opinions expressed in this document are those of the authors only.

Contact us

Customer Services



133 655



customer@onepath.com.au