

UPDATES TO BUY-SELL SPREADS FOR ONEANSWER

PDS Update and Continuous Disclosure Notice | 6 April 2020

This Product Disclosure Statement (PDS) Update and Continuous Disclosure Notice provides important information about changes to the Buy-Sell Spreads for the following funds (collectively ‘the Funds’) offered through OneAnswer:

- Arrowstreet Global Equity (Hedged)
- OnePath Active Growth
- OnePath Alternatives Growth
- OnePath Balanced
- OnePath Conservative*
- OnePath Diversified Credit
- OnePath Diversified Fixed Interest
- OnePath Managed Growth
- OptiMix Australian Fixed Interest
- OptiMix Conservative
- OptiMix Moderate
- OptiMix Balanced
- OptiMix Growth
- Pandal Core Hedged Global Shares
- Perpetual Balanced Growth
- Perpetual Conservative Growth
- T. Rowe Price Dynamic Global Bond
- Vanguard Diversified Bond Index
- Vanguard Conservative Index
- Vanguard Balanced Index
- Vanguard Growth Index
- Vanguard High Growth Index
- OnePath Capital Stable[^]
- MoneyForLife Index Conservative^{#^}
- MoneyForLife Index Moderate^{#^}
- MoneyForLife Index Balanced^{#^}.

* Only available through OneAnswer Frontier.

Only available through Personal Super and Pension.

[^] Closed to new investors/members.

onepath.com.au

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OnePath Custodians Pty Limited ABN 12 008 508 496, AFSL 238346, RSE L0000673



These buy-sell spread changes impact the following OneAnswer products:

- OneAnswer Frontier Investment Portfolio
- OneAnswer Frontier Personal Super
- OneAnswer Frontier Pension
- OneAnswer Investment Portfolio (including //Select)
- OneAnswer Personal Super
- OneAnswer Allocated Pension
- OneAnswer Term Allocated Pension.

WHY HAVE THE UNDERLYING ASSET MANAGERS MADE THESE CHANGES?

- Recent market fears over COVID-19 have caused market liquidity to deteriorate remarkably in a very short period of time, impacting all segments of the Australian fixed-income market.
- Given the current market trading conditions for credit based products, previous buy and sell spreads are no longer reflective of the current cost of trading in the market place.
- Increased Buy-Sell Spreads are required to cover increased transaction costs in the markets for the assets held by the Funds.

WHAT DO THE CHANGES MEAN FOR INVESTORS/MEMBERS?

- These new spreads have been applied to the Funds and are reflected in the unit prices.
- Please note, that the Buy-Sell Spread protects non-transacting investors/members from the asset trading costs incurred when other investors buy or sell units.
- These steps are not taken lightly but are necessary precautions to temporarily protect investors/members whilst this period of uncertainty continues. Market conditions are being monitored closely and the Buy-Sell Spreads of the Funds are likely to be re-adjusted when appropriate.

This PDS Update amends the following documents issued on 1 February 2020:

- Buy-Sell Spread Guide
- OneAnswer Frontier Personal Super and Pension Product Disclosure Statement (PDS)
- OneAnswer Frontier Personal Super and Pension Fees Guide
- OneAnswer Frontier Investment Portfolio PDS – Product Book
- OneAnswer Investment Portfolio PDS – Product Book
- OneAnswer Investment Portfolio//Select – Fees and Charges Guide.

WHAT IS CHANGING?

1. Buy-Sell Spreads

The buy-sell spreads for the following Funds have changed.

OneAnswer Buy-Sell Spread Guide page reference: 4-11

Instructions: The following rows replace the corresponding rows in the table on pages 4 to 11. The columns titled 'New' should be read in place of the information in the Buy-Sell Spread Guide.

Investment fund	Previous Buy Spread %	Previous Sell Spread %	New Buy Spread %	New Sell Spread %
Arrowstreet Global Equity (Hedged)	0.21	0.21	0.21	0.16
OnePath Active Growth	0.02	0.02	0.06	0.06
OnePath Alternatives Growth	0.10	0.10	0.36	0.36
OnePath Balanced	0.02	0.02	0.09	0.09
OnePath Conservative	0.02	0.02	0.12	0.12
OnePath Diversified Credit	0.05	0.05	0.28	0.28
OnePath Diversified Fixed Interest	0.05	0.05	0.22	0.22
OnePath Managed Growth	0.02	0.02	0.06	0.06
OptiMix Australian Fixed Interest	0.05	0.05	0.31	0.31
OptiMix Balanced	0.04	0.04	0.07	0.07
OptiMix Conservative	0.03	0.03	0.11	0.11
OptiMix Growth	0.05	0.05	0.06	0.06
OptiMix Moderate	0.04	0.04	0.09	0.09
Pendal Core Hedged Global Shares	0.05	0.05	0.25	0.25
Perpetual Balanced Growth	0.17	0.17	0.41	0.00
Perpetual Conservative Growth	0.13	0.13	0.61	0.00
T. Rowe Price Dynamic Global Bond	0.25	0.25	0.75	0.75
Vanguard Balanced Index	0.03	0.03	0.18	0.18
Vanguard Conservative Index	0.03	0.03	0.21	0.21
Vanguard Diversified Bond Index	0.03	0.03	0.34	0.34
Vanguard Growth Index	0.03	0.03	0.12	0.12
Vanguard High Growth Index	0.02	0.02	0.05	0.05
OnePath Capital Stable (closed to new investors)	0.03	0.03	0.13	0.13
MoneyForLife Index Conservative (closed to new investors)	0.01	0.01	0.08	0.08
MoneyForLife Index Moderate (closed to new investors)	0.01	0.01	0.07	0.07
MoneyForLife Index Balanced (closed to new investors)	0.01	0.01	0.06	0.06

2. Fees and other costs information

The following updates relate to PDS documents that note the range of the Buy-sell spreads and therefore require updating.

OneAnswer Frontier Personal Super and Pension – Fees Guide page reference: 4

Title reference: Buy-sell spreads

Instructions: replace the selected content in this section with the following information.

Type of fee	Amount	How and when paid
Buy-sell spread	Nil to 1.75% of each amount invested (buy spread) and of each amount withdrawn (sell spread) from an investment fund depending on the investment fund. The buy-sell spreads for each investment fund are available in the Buy-Sell Spread Guide at onepath.com.au/superandinvestments-forms-and-brochures	A buy-sell spread is an additional cost reflected in the daily unit prices for an investment fund and is not charged separately. As your account is valued using the sell unit price, all investments into an investment option will be reduced by approximately the total of the buy and sell spread at the time of the transaction.

OneAnswer Frontier Personal Super and Pension – Fees Guide page reference: 7

Title reference: Buy-sell spreads

Instructions: replace the content in this section with the following information.

Buy-sell spreads

The buy-sell spread is used to allocate buy and sell transaction costs to an investor who is transacting rather than to investors in a particular investment fund who are not transacting. As the proceeds from a buy-sell spread are retained as part of the assets of an investment fund, no part of it is paid to us or to an underlying fund manager.

A buy-sell spread, currently up to a maximum of 1.75%, may apply to amounts invested or withdrawn from an investment fund. This may vary in future. These spreads are incorporated in the buy and sell unit prices. The buy and sell spreads for each investment fund are available in the Buy-Sell Spread Guide at onepath.com.au/superandinvestments-forms-and-brochures

For example, for every \$1,000 that you invest in the Vanguard Growth Index fund, the buy spread you incur is currently 0.12% or \$1.20. This amount is reflected in the 'buy' unit price at the time the units are purchased. At all times your account balance is valued at the 'sell' unit price which incorporates the sell spread. In the same example, the value of the investment of \$1,000 will also take into account the sell spread of 0.12% or \$1.20. This means that the total spread cost for the example \$1,000 investment will be 0.24% or \$2.40.

OneAnswer Frontier Investment Portfolio – PDS Product Book page reference: 17

OneAnswer Investment Portfolio – PDS Product Book page reference: 20

OneAnswer Investment Portfolio//Select – PDS Product Book page reference: 9

Title reference: Buy-sell spreads

Instructions: replace the selected content in the section with the following information.

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The buy-sell spread is used to allocate buy and sell transaction costs to an investor who is transacting rather than to investors in a particular investment fund who are not transacting. As the proceeds from a buy-sell spread are retained as part of the assets of an investment fund, no part of it is paid to us or to an underlying fund manager.

A buy-sell spread, currently up to a maximum of 1.75%, may apply to amounts invested or withdrawn from an investment fund. This may vary in future. These spreads are incorporated in the buy and sell unit prices. The buy and sell spreads for each investment fund are available in the Buy-Sell Spread Guide at onepath.com.au/superandinvestments-forms-and-brochures

For example, for every \$1,000 that you invest in the Vanguard Growth Index fund, the buy spread you incur is currently 0.12% or \$1.20. This amount is reflected in the 'buy' unit price at the time the units are purchased. At all times your account balance is valued at the 'sell' unit price which incorporates the sell spread. In the same example, the value of the investment of \$1,000 will also take into account the sell spread of 0.12% or \$1.20. This means that the total spread cost for the example \$1,000 investment will be 0.24% or \$2.40.

OneAnswer Frontier Personal Super and Pension – Product Disclosure Statement page reference: 5

Title reference: Buy-sell spread

Instructions: replace the content in this row of the fee table with the following information.

Type of fee	Amount	How and when paid
Buy-sell spread	0.12% of each amount invested (buy spread) and 0.12% of each amount withdrawn (sell spread) from the Vanguard Growth Index fund.	A buy-sell spread is an additional cost reflected in the daily unit prices for an investment option and is not charged separately. As your account is valued using the sell unit price, all investments into an investment option will be reduced by approximately the total of the buy and sell spread at the time of the transaction.

OneAnswer Frontier Personal Super and Pension – Product Disclosure Statement page reference: 6

Title reference: Example of annual fees and costs

Instructions: replace the example table and footnotes with the following information.

Example – Vanguard® Growth Index fund		Balance of \$50,000
Investment fee	0.80% p.a.	For every \$50,000 you have in the superannuation product, you will be charged \$400 each year.
PLUS Administration fees	0.059% p.a.*	And , you will be charged \$30 each year in administration fees.
PLUS Indirect costs for the superannuation product	0.02% p.a.	And , indirect costs of \$10 each year will be deducted from your investment.
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$440 for the superannuation product**.

* Figures based on the actual amount deducted for the 12 months to 30 June 2019. This amount is estimated to be up to 0.03% p.a. for the 12 months to 30 June 2020.

** Additional fees may apply. And, if you leave the superannuation entity early, you may also be charged a buy-sell spread which also applies whenever you make a contribution, exit, rollover or investment switch. The buy spread for the Vanguard Growth Index fund is currently 0.12%, the sell spread is also 0.12%. On \$50,000, the total spread cost of 0.24% is equal to \$120.

Note: The Example above is illustrative only. There is a calculator provided by ASIC on its MoneySmart website which can be used to calculate the effect of fees and costs on account balances. Go to moneysmart.gov.au

OneAnswer Frontier Personal Super and Pension – Product Disclosure Statement page reference: 6

Title reference: Buy-sell spreads

Instructions: replace the content in this section with the following information.

Buy-sell spreads

You may also incur a buy-sell spread when your money moves in or out of an investment fund. This is a fee to recover transaction costs incurred by the Fund in relation to the sale and purchase of assets arising from investments into and withdrawals from an investment fund. For example, when you make a transaction, for every \$1,000 you invest in the Vanguard® Growth Index fund, the buy spread incurred is currently 0.12% or \$1.20. The sell spread incurred is also currently 0.12% or \$1.20. This means that the total buy-sell spread cost for the example \$1,000 investment will be 0.24% or \$2.40. At all times your account balance is valued at the 'sell' unit price which incorporates the sell spread. The

buy-sell spreads for each investment fund are available in the Buy-Sell Spread Guide at onepath.com.au/superandinvestments-forms-and-brochures

ANY QUESTIONS?

If you have any questions, please:

- speak with your financial adviser
- call Customer Services on **133 665**, weekdays between 8.30am and 6.30pm (AEST).

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