

ONEPATH ALTERNATIVES GROWTH FUND

PORTOLIO IMPROVEMENTS

12 July 2021

We will shortly be adding two new underlying funds/strategies to the OnePath Alternatives Growth Fund (ARSN 121 982 796) offered through One Answer (including Frontier and //Select) and ANZ OneAnswer.

WHAT ARE THE CHANGES?

The OnePath Alternatives Growth Fund (**the Fund**) is a multi-manager, multi-strategy investment fund which invests in institutional quality, liquid alternative investment managers and strategies.

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 (**WIT**) issued by Metrics Credit Partners Pty Ltd.

The long term strategic asset allocation will be approximately 25% to GMSF and 20% to WIT 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 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 and bond markets, and
- the investment managers managing GMSF and WIT are highly experienced and capable in their respective segments and are well positioned to manage through various market conditions.

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 on the next page) 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 (WIT)

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).

WIT 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 WIT) over time.

Clients 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 or in the unit price.

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%.

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 no changes to ongoing fees and costs charged to your clients' accounts. 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.

HOW WILL YOUR CLIENTS BE NOTIFIED OF THE CHANGE?

Continuous Disclosure Notices and Product Disclosure Statement (PDS) Updates will be made available to investors on the OnePath and ANZ websites in July 2021 outlining the changes.

We will also write to impacted super clients in next few months to notify them of the changes.

ANY QUESTIONS?

OnePath Advisers, please:

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

ANZ Advisers, please:

- call ANZ ServicePlus on **1800 998 996**, weekdays between 8.00am and 5.30pm (AEST)
- email us at **anzserviceplus@onepath.com.au**
- speak with your IOOF Client Solutions Manager

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