

IMPORTANT CHANGES AND INFORMATION

August 2018

A summary of significant product or regulatory changes that may impact your account

FOR SUPERANNUATION, RETIREMENT AND INVESTMENT MEMBERS OF:

- Allocated Annuity
- Deferred Annuity
- DIY Super Investments
- Future Plans
- Integra Allocated Pension
- Investment Savings Bond
- OptiMix Allocated Pension
- OptiMix Superannuation
- OptiMix Term Allocated Pension
- PLUS Range
- Pooled Investment Plan
- RetireInvest Preferred Rollover Bond
- Traditional Policies (Endowment and Whole of Life)

This information covers the products listed, however, not all sections will be relevant to you.

1 Your 2018 Annual Report

In line with ANZ Wealth's ongoing commitment to reducing our impact on the environment, the Annual Report for super and pension members 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 at 133 665.

2

Investment performance

This information is relevant to Allocated Annuity, Deferred Annuity, DIY Super Investments, Future Plans, PLUS Range, Pooled Investment Plan, RetireInvest Preferred Rollover Bond and Traditional Policies (Endowment and Whole of Life) only.

Superannuation

Deferred Annuity and DIY Super Investments

Investment fund	One year return (%)	Five year return (%)	Ten year return (%)
OnePath Capital Guaranteed	1.80	3.61	2.70

One year return for the OnePath Capital Guaranteed fund is the declared rate.

PLUS Range and Traditional Policies

Investment fund	One year return (%)	Five year return (%)	Ten year return (%)
PLUS Range	3.60	5.85	4.43
Traditional Policies*	5.50	5.40	4.75

One year return for the PLUS range and Traditional policies is the declared rate.

RetireInvest Preferred Rollover Bond

Investment fund	One year return (%)	Five year return (%)	Ten year return (%)
OnePath Capital Guaranteed	2.55	4.36	3.29

One year return for the OnePath Capital Guaranteed fund is the declared rate.

Retirement

Allocated Annuity

Investment fund	One year return (%)	Five year return (%)	Ten year return (%)
OnePath Capital Guaranteed	2.35	4.59	3.46

One year return for the OnePath Capital Guaranteed fund is the declared rate.

Investments

Investment Savings Bond, Future Plans and Pooled Investment Plan

Investment fund	One year return (%)	Five year return (%)	Ten year return (%)
OnePath Capital Guaranteed	1.10	2.53	2.01

One year return for the OnePath Capital Guaranteed fund is the declared rate.

PLUS Range and Traditional Policies

Investment fund	One year return (%)	Five year return (%)	Ten year return (%)
PLUS Range	6.80	8.31	7.84
Traditional Policies*	1.70	1.70	2.46

One year return for the OnePath Capital Guaranteed fund is the declared rate.

* A terminal bonus as a percentage of the surrender value of your policy (30% for investments and 27.5% for superannuation) is currently payable on exit from Participating Traditional Policies. This is not guaranteed and may be varied or discontinued at any time on advice of the Appointed Actuary.

Investments can go up and down. Past performance is not indicative of future performance. Whilst every care has been taken in the preparation of this information, no warranty is given as to the accuracy of the information contained in the investment returns table and no liability is accepted by OnePath Custodians, OnePath Life or any related body corporate for any error or omission.

3 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 and RI Preferred Rollover Bond – Capital Stable

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 exposure to growth assets for the OptiMix Conservative Fund and RI Preferred Rollover Bond – Capital Stable 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 and RI Preferred Rollover Bond – 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 and RI Preferred Rollover Bond – 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 and RI Preferred Rollover Bond – 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 and RI Preferred Rollover Bond – 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 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).

4

OptiMix Enhanced Cash Fund and RI Preferred Rollover Bond – Capital Safe Fund – removal of an investment manager

Effective from 1 December 2017, the underlying investments of the OptiMix Enhanced Cash Fund and RI Preferred Rollover Bond – Capital Safe Fund (the 'Funds') 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 Funds 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 Funds.

The Funds' investment strategy has been updated to remove the reference to the OptiMix multi-manager investment process.

5

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 OnePath 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.

6

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.

7

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 OnePath Capital Guaranteed (which does 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.

* Source: the Melbourne Mercer Global Pension Index report from 2017. Australia was one of only three countries to receive a B+ rating (no countries received an A – see page 6).

8

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

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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 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.

10

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.

Integra Allocated Pension, Personal Retirement Plan and Traditional Policies (superannuation) and OptiMix Superannuation and OptiMix Pensions are products offered out of the OnePath MasterFund (ABN 53 789 980 697, RSE R1001525, SFN 2929 169 44) (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 the issuer of these products and this Investor Update for these products.

OnePath Life Limited (ABN 33 009 657 176, AFSL 238341) is the issuer of the products listed below and is the issuer of this Investor Update for these products:

- Allocated Annuity
- DIY Super Investments
- Investment Savings Bond
- Pooled Investment Plan
- Traditional Policies (except superannuation).
- Deferred Annuity
- Future Plans
- PLUS Range (except Personal Retirement Plan)
- RetireInvest Preferred Rollover Bond

In this Investor Update, the term 'PLUS Range' refers to Personal Retirement Plan and Personal Investment Plan and, the term 'Traditional Policies' refers to Endowment, Pure Endowment and Whole of Life and the term 'OptiMix Pensions' refers to OptiMix Allocated Pension and OptiMix Term Allocated Pension, unless otherwise specified. 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 August 2018 but may be subject to change. You should read the relevant PDS, policy or disclosure documents, Additional Information Guide (AIG), Investment Funds Guide (IFG), product and other updates and our Financial Services Guide (FSG) 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 and 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

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