

Product Update

OneAnswer investment menu changes

2 May 2016

The investment options offered through OneAnswer are reviewed regularly to ensure they meet the needs of current and future investors.

As an outcome of ANZ Wealth's most recent review, we will be replacing two investment options at the underlying investment option level. The replacement of the underlying investment options will result in an improved OneAnswer investment menu which will continue to provide investors with access to well-rated, market-leading investment options.

Additionally, as a result of the changes, new managers, Altrinsic Global Advisors LLC (Altrinsic) and Henderson Global Investors Funds Management Limited (Henderson) are being introduced to the OneAnswer investment menu.

Investment menu changes will take effect on, or around, 2 May 2016, and will be reflected in the Product Disclosure Statements (PDSs) at the reissue which is also scheduled for 2 May 2016.

Which OneAnswer investment options are being replaced?

Current OneAnswer investment option	Replacement OneAnswer investment option	Sector
Legg Mason Global Value Equity	Altrinsic Global Equities	International Equities
Legg Mason Global Multi Sector Bond	Henderson Global Fixed Interest Total Return	Fixed Interest

Which OneAnswer products are impacted by the changes?

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

Why are the underlying investment options being replaced?

The main reasons for replacing the current underlying investment options include:

- the replacement underlying investment options are considered to be highly-rated options with strong track records (compared to peers over the long term)
- it is the view of the ANZ Wealth internal investment research team that the investment teams of the replacement underlying investment options are more likely to deliver on their investment objectives, and provide stronger risk-adjusted performance over the long term
- historically, the replacement underlying investment options have demonstrated stronger risk adjusted performance compared to the existing investment options; and
- the replacement investment options broadly provide the same sector exposures to the existing investment options.

When will the transition of the underlying investment options take place?

The 'transition', generally means the sell down of the current units held in the underlying investment options, and the purchase of units in the replacement underlying investment options. The transition will take place on, or around, 2 May 2016.

Are there any changes to the names of the OneAnswer investment options?

Yes, investors will see the name of their current OneAnswer investment options reflect that of the replacement options in correspondence from OnePath and online reporting and transaction information effective on, or around, 2 May 2016.

Are there any changes to the investment objective or investment strategies?

Yes, updated investment profile information, including investment objective, investment strategy, asset allocation, and underlying investment fund manager will be available in the new PDSs scheduled for issue on 2 May 2016.

This updated information is included at the end of this document.

Are there any changes to the investment options as a result of the underlying investment option replacements?

Investor profile and risk measure

There is no change to the investor profile as a result of the Legg Mason Global Multi Sector Bond being replaced by the new underlying replacement option. However, the standard risk measure will change, as detailed in the table below.

OneAnswer investment option	Investor profile	Standard risk measure	Asset allocation approach
Current – Legg Mason Global Multi Sector Bond	Moderate	4 (Medium)	Single Sector Option
Replacement – Henderson Global Fixed Interest Total Return	Moderate	5 (Medium to High)	Single Sector Option

However, the investor profile and risk measure for the Altrinsic Global Equities option are the same as for the Legg Mason Global Value Equity option that is being replaced.

Are there any changes to Ongoing Fees following the transition of the underlying investment options?

There will be no change to the Ongoing Fees for investors in the Henderson Global Fixed Interest Total Return option. However, the Ongoing Fees for the Altrinsic Global Equities option will be reduced, as detailed in the table below. Ongoing Fees are deducted from the assets of each investment option and included in the unit price. Ongoing fees include administration fees and the underlying manager's ongoing fees.

This change will be implemented on, or around, 2 May 2016.

Current OneAnswer investment option	Replacement OneAnswer investment option	Ongoing Fee Change + (% p.a.)
Legg Mason Global Multi Sector Bond	Henderson Global Fixed Interest Total Return	No change
Legg Mason Global Value Equity	Altrinsic Global Equities	-0.13%

+Ongoing Fees are expressed as a percentage of gross assets unless otherwise indicated.

Are there any changes to the buy/sell spread costs?

The buy/sell spread costs will be updated to reflect the costs of the replacement underlying investment options, and will remain within the disclosed upper limits stated in the PDSs. These costs are applicable when transacting, e.g. buying or selling units in the investment options, and will be implemented on, or around, 2 May 2016, as shown in the table below.

Current OneAnswer investment option	Current buy/sell spreads	Replacement OneAnswer investment option	New buy/sell spreads
Legg Mason Global Multi Sector Bond	0.20%/0.20%	Henderson Global Fixed Interest Total Return	0.25%/0.25%
Legg Mason Global Value Equity	0.25%/0.25%	Altrinsic Global Equities	0.30%/0.30%

Are there any changes to the distribution frequencies – Investment Portfolio only?

Yes, there are changes to the distribution frequencies as detailed in the table below. Note this applies to Investment Portfolio only.

Current OneAnswer investment option	Replacement OneAnswer investment option	Current distribution frequency	New distribution frequency
Legg Mason Global Multi Sector Bond	Henderson Global Fixed Interest Total Return	Half yearly (First half yearly distribution will be December 2016)	Quarterly (Last quarterly distribution will be June 2016)
Legg Mason Global Value Equity	Altrinsic Global Equities	Half yearly (First half yearly distribution will be December 2016)	Yearly (Annual distribution will be June 2016)

Are there any tax implications for investors?

There are no tax implications for investors in the Personal Super and Pension suite of products.

For investors in the Investment Portfolio suite of products there will be a realisation of capital gains within the OneAnswer options at the time of the transition. This means that for each of the options, capital gains may be realised, and any realised profits (i.e. net capital gains) will be distributed to investors after the end of the financial year. Based on current market movements, capital gains are not likely to be significant (this is subject to change).

What will the transition mean for existing investors?

- For current investors, the underlying investments of the options will be automatically transitioned to the replacement options on, or around, 2 May 2016.
- Investors will hold similar asset class exposure following the transitions.
- Investors will see no change in the number of units they hold, nor will they see a transaction appear on their account. The unit prices of the OneAnswer investment options will continue post transition, i.e. prices are not restarted or reset.
- Investors will see the name of their current OneAnswer investment options reflect that of the replacement options in correspondence from OnePath and in online reporting and transaction information effective on, or around, 2 May 2016.

Any questions?

If you have any questions or require further information, please:

- speak with your financial adviser
- call Customer Services on 133 665, weekdays between 8.30am and 6.30pm (AEST)
- email customer@onepath.com.au

Additional information on the OneAnswer replacement options

Henderson Global Fixed Interest Total Return

Investment objective

The option seeks to achieve a positive total return with moderate volatility, through income and capital appreciation. The option aims to outperform, after fees, both:

- i. The Reserve Bank of Australia Cash Rate; and
- ii. Global fixed interest markets as measured by the Barclays Multiverse Index hedged in Australian dollars over rolling three year periods.

Description

The option is intended to be suitable for investors with at least a three year time horizon, who are seeking a combination of income and capital growth and are comfortable with moderate volatility.

Investment strategy

The option aims to deliver a positive total return through a combination of income and capital growth by investing in a broad range of global fixed interest asset classes. The option is managed on a benchmark-unaware basis. This gives Henderson flexibility to access a wide range of investments, manage downside risk during periods of falling markets and avoid sectors that do not offer value, irrespective of their size or weight in global fixed interest markets.

Flexible asset allocation allows the option to adapt to changing economic and market conditions, while retaining moderate volatility. Risk is managed through both bottom-up fundamental analysis of securities to assess creditworthiness and top down active asset allocation.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Investment grade bonds	N/A	0 – 100
High yield bonds ¹	N/A	0 – 50
Asset backed securities ²	N/A	0 – 30
Secured bonds	N/A	0 – 30
Cash ³	N/A	0 – 20

1 Including hybrid and convertible debt

2 Floating rate (variable coupon) securities, including but not limited to, residential mortgage backed securities, commercial mortgage backed securities, other asset backed securities and collateralised loan obligations.

3 In exceptional circumstances, the option may temporarily hold up to 50% in cash (or cash equivalents) at discretion of the fund manager.

Altrinsic Global Equities

Investment objective

The option aims to deliver long-term capital growth and to outperform the MSCI All Country World Index (ex Australia) Net Dividends reinvested (A\$) over rolling five-year periods before fees and taxes.

Description

The option aims to provide long term growth of capital by investing predominantly in publicly traded global equity securities (unhedged to the Australian dollar).

Investment strategy

Altrinsic is a high conviction fundamental value orientated global equity manager. Altrinsic specialises in company research and identifies investment opportunities across the full market-cap spectrum in both developed and emerging markets.

Altrinsic's investment philosophy is based on the belief that a company's valuation is a function of its future financial productivity (i.e. a return on capital relative to the cost of capital) adjusted for associated risk.

The firm implements this philosophy by capitalising on mispriced securities in the world's equity markets and by taking a long-term view and leveraging Altrinsic's:

- individual company analysis
- global industry knowledge; and
- a distinctive cross-border frame of reference.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Global Emerging Markets*	N/A	0 – 30
Global Developed Markets*	N/A	50 – 100
Cash and cash equivalents	N/A	0 – 20

* Up to 15% of the Trust may be invested in small cap stocks (US\$1.5 billion or less market capitalisation)

The information in this Product Update is current as at May 2016 but is subject to change. Updated information will be available free of charge by contacting Customer Services on 133 665. This Product Update is issued by OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673) as the issuer of the OneAnswer Personal Super and Pension suite of products through the OnePath MasterFund (ABN 53 789 980 697, RSE R1001525) and OnePath Funds Management Limited (ABN 21 003 002 800, AFSL 238342) as the issuer of the OneAnswer Investment Portfolio suite of products. The information is of a general nature and does not take into account an investor's personal needs, financial circumstances or objectives. Before acquiring, disposing or deciding whether to continue to hold the product/s, investors should consider the relevant Product Disclosure Statement, this Product Update and any other current OneAnswer Product Updates which are available at onepath.com.au or by calling Customer Services.