

A NEW SINGLE MANAGER APPROACH FOR OPTIMIX GLOBAL SMALLER COMPANIES SHARES

FEBRUARY 2019

The investment strategy of the OptiMix Global Smaller Companies Shares fund ('the Fund') has changed from a multi-manager to a single-manager investment approach.

WHAT ARE THE CHANGES?

We have retained Arrowstreet Capital ('Arrowstreet') as the investment manager of the Fund and terminated the investment mandate of Copper Rock Capital Partners ('Copper Rock').

Later in 2019, at a date to be confirmed, we will rename the Fund from 'OptiMix' to 'OnePath' to reflect the change from a multi-manager to a single-manager investment approach.

WHY HAVE WE MADE THIS CHANGE?

After a detailed and thorough review, we made the decision to remove Copper Rock as an investment manager of the Fund due to their underperformance and our reservations about their ability to add value moving forward.

Following that decision, we reviewed other replacement investment managers. The review involved the identification of investment managers who are highly rated based on the sustainability of their business model, experienced investment team, investment processes and performance. Our work reaffirmed the view that we already employ a superior investment manager that has earned the role to manage the entire Fund through solid and reliable outperformance since appointment in 2011. As a result, we decided to allocate all proceeds to the other incumbent manager, Arrowstreet.

Arrowstreet has a systematic investment approach which results in a dynamic and well diversified stock portfolio. In addition, it is also a superior investment manager in the global smaller companies area.

ARE THERE ANY DISCLOSURE CHANGES?

Yes, the investment strategy of the Fund will be updated as follows:

Previous	New
The Fund invests predominantly in a diversified portfolio of international small companies through a mix of managers. The Fund is actively managed in accordance with the OptiMix Multi-Manager investment process.	The Fund invests predominantly in a portfolio of global smaller companies shares constructed in accordance with the investment process of the underlying manager. The Fund is actively managed.

WHICH PRODUCTS ARE AFFECTED BY THE CHANGE?

The Fund is offered through the following products:

Open products:

- OneAnswer Frontier Personal Super, Pension and Investment Portfolio
- OptiMix Wholesale Global Smaller Companies Share Trust.

Closed products:

- OneAnswer Personal Super, Pension, Term Allocated Pension and Investment Portfolio (including //Select)
- OptiMix Retail Trusts
- Integra Super.

WHEN DID THE TRANSITION TAKE PLACE?

The restructure of the portfolio was implemented in February 2019.

ARE THERE TRANSITION COSTS?

Yes, there are costs associated with selling and buying securities, such as brokerage costs and stamp duty, were incurred at the time of the restructure. These costs are reflected in the Fund's unit price. It was estimated (prior to transition) that the cost will be very small. We expect that the improved future performance returns will outweigh this small one-off cost.

ARE THERE ANY TAX IMPLICATIONS FOR YOUR CLIENTS?

As the transition involves the selling of securities (as noted above) there will be a corresponding realisation of capital gains and losses on those assets. Based on our analysis (prior to transition) we expected a small capital gain to be realised (estimated to be approximately 2% of funds under management).

Investment clients

Any capital gains arising from the sale of assets will be distributed to clients as part of their 30 June 2019 financial year distribution which will be shown in their year-end tax statement.

Superannuation clients

Any capital gains tax arising from the sale of assets is already provided for in the daily unit prices and reflected in the account balances of your super clients' accounts.

WHAT WILL NOT BE CHANGING?

The following remain the same despite the change in investment strategy:

- Ongoing Fee clients pay
- investment objective
- standard risk measure
- distribution frequency (where applicable)
- buy/sell spreads, and
- strategic asset allocation and ranges.

HOW WILL YOUR CLIENTS BE NOTIFIED OF THE CHANGES?

Investment clients

Notice of the changes will be published on our website (onepath.com.au) under the 'Product Updates' section. We expect this to be published in late February 2019.

Superannuation clients

We will write to existing super clients as soon as possible and in any case within 3 months of the changes taking place.

WHICH PRODUCT DISCLOSURE STATEMENTS (PDSS) ARE IMPACTED BY THE CHANGES?

PDS Updates which detail how this change impacts the below PDSs will be available on the OnePath website (onepath.com.au) under the 'Product Updates' section. We expect these to be published around late February 2019:

- OneAnswer Frontier Personal Super and Pension PDS dated 18 September 2017
- OneAnswer Frontier Investment Portfolio PDS dated 18 September 2017
- OptiMix Wholesale Global Smaller Companies Share Trust (class A units) PDS dated 28 September 2017
- OptiMix Wholesale Global Smaller Companies Share Trust (class B units) PDS dated 28 September 2017
- OneAnswer Investment Portfolio PDS dated 18 September 2017 (closed to new investors)
- OneAnswer Personal Super and Pension PDS dated 18 September 2017 (closed to new investors).

DO YOUR CLIENTS NEED TO TAKE ANY ACTION?

Your clients are not required to take any specific action. The changes will happen automatically.

ANY QUESTIONS?

If you have any further questions, 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 ANZ Wealth Business Development Manager.

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