

REPLACEMENT OF THE INVESTMENT MANAGER FOR THE ONEPATH TAX EFFECTIVE INCOME FUND

Continuous Disclosure Notice | 26 March 2019

This Continuous Disclosure Notice provides important information for current investors of OneAnswer Investment Portfolio (including Frontier) and the OnePath Wholesale Trusts.

WHAT ARE THE CHANGES?

UBS Asset Management (Australia) Ltd ('UBS') has been replaced as the underlying investment manager of the OnePath Tax Effective Income Fund ('the Fund') for the Australian shares investment strategy which will be managed by Nikko AM Limited ('Nikko') and the property securities investment strategy which will be managed by Renaissance Property Securities Pty Ltd ('Renaissance').

UBS will continue to manage the cash and fixed interest strategies of the Fund.

WHY HAVE THE CHANGES BEEN MADE?

We recently conducted a thorough review of UBS as the underlying investment manager of the Fund.

As a result of our review, the decision was made to replace UBS as investment manager of the Australian shares and property securities strategies of Fund. We identified two underlying investment managers who we believe are better suited and more specialised to individually manage these strategies.

The review involved the identification of high calibre investment managers who are highly rated based on the sustainability of their business model, experienced investment team and their investment processes. At the forefront of our review was that the objectives of the existing strategies would continue to be met by the replacement investment managers.

WHO ARE THE INVESTMENT MANAGERS?

Renaissance Property Securities Pty Ltd

ABN 19 104 218 484

Established 2003

Funds under management \$777 million (as at 31 December 2018)

Renaissance Property Securities Pty Ltd ('Renaissance') is a privately owned boutique Australian investment manager which specialises in the management of portfolios of properties securities listed on the Australian Stock Exchange. Renaissance is 100% owned by AREIT directors, Carlos Cocaro and Damien Barrack, who founded the firm in 2003.

Renaissance is an active, intrinsic value style AREIT manager. The Renaissance investment philosophy is that each security has an underlying or intrinsic value and that securities become mispriced relative to this value and they seek to exploit such market inefficiencies. Through dedicated in-depth research and disciplined investing, Renaissance seeks to profit over time via incremental trading in securities that have become mispriced relative to their underlying value.

Nikko AM Limited

ABN 99 003 376 252

Established 1989

Funds under management \$7.5 billion (as at 31 December 2018 by their Australian Equities business)

Part of the Nikko AM Group, Nikko offers investors the benefits of extensive global resources combined with the local expertise and long-standing experience of their Sydney based investment teams, with a history dating back to 1989.

Nikko AM Group is one of Asia's largest asset managers.

WHEN DID THE TRANSITION TAKE PLACE?

The transition process to implement the change involves some trading activity within the Fund, in accordance with Renaissance and Nikko's instructions so that each portfolio reflects their chosen portfolio composition.

The restructure of the portfolio was implemented in February 2019.

ARE THERE TRANSITION COSTS TO INVESTORS?

Yes there are costs associated with selling and buying securities, such as brokerage costs and stamp duty which occurred at the time of transitioning the portfolio to the new managers. These costs were incurred within the Fund and are reflected in its unit price.

Prior to transition, we estimated the transition cost would be small. We estimated this would be in the order of \$75 for an account balance of \$50,000. We expect that the improved future performance returns will outweigh this one-off cost.

ARE THERE TAX IMPLICATIONS?

As the transition involved the selling of securities held within the Fund (as noted above) there was a corresponding realisation of capital gains and losses on those assets. Based on our analysis (prior to transition) we expect a small capital gain to be realised. However, capital losses from prior years are substantial and therefore likely to offset these capital gains.

Any net capital gains arising from the sale of assets will be taken into account when determining the 30 June 2019 financial year distribution.

WHAT WILL NOT BE CHANGING?

The following remains the same:

- Ongoing Fees and Buy/Sell spreads
- investment strategy and objective of the Fund
- standard risk measure
- distribution frequency, and
- strategic asset allocation and ranges.

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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