

Investment objective changes for the OnePath and OptiMix diversified funds

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Following a recent review of the OnePath and OptiMix diversified funds, the investment objectives of these funds will be changing effective 20 February 2017.

What are the investment objective changes?

For the diversified funds listed in the below table, the investment return objectives will be lowered by 0.5% per annum and the investment horizon over which these objectives are expected to be achieved will be extended to periods of 10 years or more. The table below sets out the current and revised investment objectives (changes are in bold):

Fund	Current investment objective	New investment objective
OptiMix Conservative	The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 3.5% p.a., over periods of three years or more.	The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 3% p.a., over periods of ten years or more.
OptiMix Moderate	The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4.5% p.a., over periods of three years or more.	The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4% p.a., over periods of ten years or more.
OnePath Balanced	The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4.5% p.a., over periods of three years or more.	The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4% p.a., over periods of ten years or more.

Furthermore, the investment horizon over which the investment return objectives are expected to be achieved will be extended to periods of 10 years or more for all of the OnePath and OptiMix diversified (including those listed in the table above).

What is the reason for the changes?

The funds currently (through their investment objectives) aim to outperform inflation by a particular amount each year. The amount by which the funds aim to outperform is linked to the mix of underlying assets and the returns we expect from those assets.

Following an analysis of future expected returns from the various asset classes, we have determined that the current disclosed investment objectives are not likely to be achieved more than 66% of the time over a 10 year investment horizon. This has prompted us to review the investment objectives of the diversified funds to ensure they are current, realistic and achievable. These changes will ensure that current and future investors in the funds are better informed about return expectations of the funds.

The investment horizon for all of the OnePath and OptiMix diversified funds is changing for the following reasons:

- we use 10 year capital market assumptions when we look at future expected asset class returns and when we apply our strategic asset allocation process; and
- there has been a general movement in the industry towards stating investment objectives over a 10 year period.

What is not changing?

There is no change to the way we manage the investments of the funds. For example, the investment strategy and asset allocations are unchanged. We will continue to actively manage both the underlying fund managers and the asset allocations of the funds.

Why are we expecting lower returns from the funds going forward?

Lower returns are expected from cash and fixed interest assets over the next 10 years. These asset classes make up a substantial portion of the more conservative diversified funds. Therefore, it is these funds where we need to adjust the investment objectives to be in line with market conditions and return expectations.

Which products are impacted by the changes?

The funds offered through the following products:

- OneAnswer Frontier Investment Portfolio
- ANZ OneAnswer Investment Portfolio (including //Select)
- OnePath and OptiMix Wholesale Trusts.

When will the changes take place?

The new investment objectives will be effective from **20 February 2017**.

What will the changes mean for investors?

The revised investment objectives are more closely aligned with the return expectations for each fund. These changes will ensure that current and future investors in the funds are better informed.

For existing investors these changes will take place automatically on 20 February 2017. Investors are not required to take any action.

Updated Product Disclosure Statements will be available from the ANZ (anz.com) or OnePath (onepath.com.au) websites from 18 February and 20 February 2017.

Any questions?

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

- speak with your financial planner
- call Customer Services on 13 38 63, weekdays between 8.30am and 6.30pm (AEST) or 1800 030 810 (for Wholesale Trusts only) weekdays between 9am and 5pm (AEST)
- email anz.investment@onepath.com.au

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