



# Update May 2012 – OnePath Mortgage and Income Plus funds

MAY 2012

Following on from our previous communications to you regarding the OnePath Mortgages and Income Plus funds, we would like to provide you with a further update.

## Return of Capital

We are pleased to advise that we continue to make progress in returning monies to investors from the OnePath Mortgages and OnePath Income Plus funds (the Funds), that are currently suspended. To date, we have returned over 59% of capital to investors and we expect to make a further payment in July 2012. This should see the overall return of capital to investors reach approximately 66%.

Our program of returning capital to investors will continue to be made on a pro rata basis after the end of each quarter. These payments are scheduled to be made during July, October, January and April.

## Underlying mortgage portfolio performance

As indicated above, we expect to release a sizable amount of capital this quarter as a number of loans within the portfolio are expected to be repaid. However, the difficult economic environment and a depressed commercial property market continue to undermine the performance of the loans remaining in the portfolio.

As you may know, we regularly set aside a portion of income earned by the Funds to account for potential loan losses. Despite our approach, a recent review of the loan portfolio has identified that there is a likelihood that a small number of loans will not be repaid (this is based on a comparison of loan balance with up to date valuation report or sale of property). The losses arising from these loans exceed the amounts set aside to date and will affect our ability to pay income for the months of April and May 2012.

## Impact on income distributions in April and May 2012

While we expect to make a further return of capital in July 2012, we will be distributing little or no income for the months of April and May 2012. This is because the size of loan losses arising from the recent review is higher than what the Funds are expected to generate in income for the months of April and May 2012.

We will continue to manage the Funds with your best interests in mind and keep you informed of future developments, including our progress on returning capital.

## Further information

If you have any questions or would like further information, please:

- call Customer Services on 13 38 63, weekdays between 8.30am and 6.30pm (Sydney time)
- email us at [customer@onepath.com.au](mailto:customer@onepath.com.au)
- speak to your financial adviser.

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