

**ANNUAL REPORT  
RETAIL MORTGAGE TRUSTS**

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FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2017



## ANNUAL REPORTS FOR THE FINANCIAL YEAR ENDED JUNE 2017

THE SCHEMES LISTED IN THIS BOOKLET ARE NOTED BELOW.

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## Directors' Report for the financial year ended 30 June 2017

The Directors of OnePath Funds Management Limited, the Responsible Entity of the following suspended Managed Investment Schemes (the 'Schemes'), present their report together with the financial report of the Schemes for the financial year ended 30 June 2017, and the report of the auditor on the Schemes.

1. ANZ Mortgage Fund
2. ANZ OA OnePath Income Plus Trust
3. ANZ OA OnePath Mortgage Trust
4. Income Plus Trust
5. Monthly Income Trust
6. OnePath AJ Mortgage Fund
7. OnePath Mortgage Trust No.2

### Responsible Entity

The Responsible Entity of the Schemes is OnePath Funds Management Limited. The registered office and principal place of business of the Responsible Entity and the Schemes is Level 23, 242 Pitt Street, Sydney, NSW 2000.

The Directors of OnePath Funds Management Limited during or since the end of the financial year are:

Name	Position Held	Date Appointed	Date Resigned
A H Chonowitz	Non-Executive Director	Appointed 1 March 2015	
L M Fricke	Non-Executive Director	Appointed 7 September 2017	
P G Mullin	Executive Director	Appointed 1 March 2015	
S C Brentnall	Executive Director	Appointed 1 March 2013	Resigned 10 March 2017
S J Chapman*	Non-Executive Director, Chairman	Appointed 1 August 2011	
V S Weekes	Non-Executive Director	Appointed 1 May 2011	

\* S J Chapman replaced V S Weekes as Chairman effective 13 April 2017.

### Principal activities

The Schemes are registered Managed Investment Schemes domiciled in Australia.

The Schemes invest into an unlisted unit trust which has a zero unit price.

The Schemes did not have any employees during the year.

### Review of operations and results

The results of operations of the Schemes are disclosed in the Statements of Comprehensive Income.

The income distributions paid and payable by the Schemes are disclosed in the Statements of Comprehensive Income.

The income distributions payable by the Schemes are disclosed in the Statements of Financial Position.

The Board of OnePath Funds Management Limited approved a resolution on 28 May 2015 to terminate the Schemes. As a result of this resolution the financial statements have been prepared on a non-going concern basis. The Schemes' investment into the Mortgage Pool is valued at zero at the reporting date.

### Fees paid to and investments held by the Responsible Entity or its associates

Fees paid and payable to the Responsible Entity and its associates out of the Schemes' property during the year are disclosed in Note 11.4 Responsible Entity fees.

No fees were paid out of the Schemes' property to the Directors of the Responsible Entity during the year. Related party investments held in the Schemes as at the end of the financial year are disclosed in Note 11 Related parties.

### Interests in the Schemes

The movements in units on issue in the Schemes during the year are disclosed in Note 4 Net assets attributable to unitholders.

The value of the Schemes' assets and liabilities are disclosed in the Statements of Financial Position and derived using the basis set out in Note 2 Basis of preparation.

### Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Schemes that occurred during the financial year.

### Likely developments and expected results of operations

The Schemes were approved to terminate by a Board resolution on 28 May 2015. Termination of the Schemes will not be immediate due to outstanding litigation on past loans still to be resolved within the Mortgage Pool investment.

On 3 November 2016, Australia and New Zealand Banking Group Limited (ANZ), the parent company of the Responsible Entity, announced the results of the strategic review of its Wealth business in Australia which includes insurance, advice, superannuation and investment businesses.

OnePath Funds Management Limited, the Responsible Entity of the Schemes, formed part of the group of businesses under review.

The review concluded that while distribution of high quality Wealth products and services should remain a core component of the ANZ's overall customer proposition, ANZ does not need to be a manufacturer or provider of those goods and services.

ANZ are exploring a range of possible strategic and capital markets options, which includes the possible sale of the insurance, advice, superannuation and investment businesses.

Further information about the likely developments regarding the outcomes has not been included in this report because disclosure of the information may result in unreasonable prejudice to the Schemes.

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## **Directors' Report for the financial year ended 30 June 2017**

### **Environmental regulation**

The operations of the Schemes were not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

### **Events subsequent to balance date**

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the Statements of Financial Position as at 30 June 2017 or on the results and cash flows of the Schemes for the financial year ended on that date.

### **Indemnities and insurance premiums for officers and auditor**

Indemnification:

Under the Schemes' Constitutions the Responsible Entity, including its officers and employees, is indemnified out of the Schemes' assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Schemes.

The Responsible Entity has not indemnified any auditor of the Schemes.

Insurance premiums:

No insurance premiums are paid out of the assets of the Schemes in relation to insurance cover for the Responsible Entity, its officers and employees or the auditor of the Schemes.

### **True and fair view**

The Financial Statements have been prepared in accordance with applicable accounting standards to give a true and fair view of the state of affairs of the Schemes at reporting date.

### **Lead auditor's independence declaration**

The lead auditor's independence declaration is set out on page 38 and forms part of the Directors' Report for the financial year ended 30 June 2017.

This report is made in accordance with a resolution of the Directors of OnePath Funds Management Limited.



**Director**

Sydney

7 September 2017

**Financial Report**  
**Financial Statements - Statements of Financial Position**  
**as at 30 June 2017**

	Note	1. ANZ Mortgage Fund†		2. ANZ OA OnePath Income Plus Trust†		3. ANZ OA OnePath Mortgage Trust†		4. Income Plus Trust†	
		30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Assets</b>									
Cash and cash equivalents		-	548	-	4,551	-	845	-	1,038
Receivables	5	-	1	-	7	-	1	-	2
Financial assets held at fair value through profit or loss	6	-	-	-	-	-	-	-	-
<b>Total assets</b>		-	<b>549</b>	-	<b>4,558</b>	-	<b>846</b>	-	<b>1,040</b>
<b>Liabilities</b>									
Payables	7	-	549	-	4,558	-	846	-	1,040
Distribution payable		-	-	-	-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		-	<b>549</b>	-	<b>4,558</b>	-	<b>846</b>	-	<b>1,040</b>
<b>Net assets attributable to unitholders</b>		-	-	-	-	-	-	-	-
Represented by:									
<b>Total net assets attributable to unitholders</b>	4	-	-	-	-	-	-	-	-

The Statements of Financial Position should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 34.

† The Scheme holds units in an unlisted unit trust which was valued at zero at reporting date.

**Financial Report**  
**Financial Statements - Statements of Financial Position**  
**as at 30 June 2017**

	Note	5. Monthly Income Trust†		6. OnePath AJ Mortgage Fund†		7. OnePath Mortgage Trust No.2†	
		30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Assets</b>							
Cash and cash equivalents		-	54	-	77	-	297
Receivables	5	-	-	-	-	-	-
Financial assets held at fair value through profit or loss	6	-	-	-	-	-	-
<b>Total assets</b>		<b>-</b>	<b>54</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>297</b>
<b>Liabilities</b>							
Payables	7	-	54	-	77	-	297
Distribution payable		-	-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>-</b>	<b>54</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>297</b>
<b>Net assets attributable to unitholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Represented by:							
<b>Total net assets attributable to unitholders</b>	4	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Statements of Financial Position should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 34.

† The Scheme holds units in an unlisted unit trust which was valued at zero at reporting date.

**Financial Report**  
**Financial Statements - Statements of Comprehensive Income**  
**for the financial year ended 30 June 2017**

	Note	1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
		30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Investment income</b>									
Interest income		-	547	-	686	-	758	-	141
Unit trust distribution income		-	-	-	1,888	-	-	-	396
Net change in fair value of investments		-	(9,865)	-	(69,053)	-	(14,904)	-	(14,350)
Other income		-	-	-	2	-	87	-	171
<b>Net investment income/(loss)</b>		-	<b>(9,318)</b>	-	<b>(66,477)</b>	-	<b>(14,059)</b>	-	<b>(13,642)</b>
<b>Expenses</b>									
Responsible Entity fees	11.4	-	549	-	18,213	-	846	-	3,880
Interest expenses		-	-	-	-	-	-	-	-
<b>Operating expenses before finance costs</b>		-	<b>549</b>	-	<b>18,213</b>	-	<b>846</b>	-	<b>3,880</b>
<b>Profit/(loss) from operating activities</b>		-	<b>(9,867)</b>	-	<b>(84,690)</b>	-	<b>(14,905)</b>	-	<b>(17,522)</b>
<b>Finance costs</b>									
Distributions to unitholders		-	-	-	2,486	-	-	-	518
<b>Change in net assets attributable to unitholders/</b>									
<b>Total comprehensive income</b>	4	-	<b>(9,867)</b>	-	<b>(87,176)</b>	-	<b>(14,905)</b>	-	<b>(18,040)</b>

The Statements of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 34.



**Financial Report**  
**Financial Statements - Statements of Comprehensive Income**  
**for the financial year ended 30 June 2017**

	Note	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2	
		30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Investment income</b>							
Interest income		-	132	-	77	-	297
Unit trust distribution income		-	-	-	-	-	-
Net change in fair value of investments		-	(5,982)	-	(602)	-	(7,540)
Other income		-	-	-	-	-	-
<b>Net investment income/(loss)</b>		-	<b>(5,850)</b>	-	<b>(525)</b>	-	<b>(7,243)</b>
<b>Expenses</b>							
Responsible Entity fees	11.4	-	54	-	77	-	297
Interest expenses		-	79	-	-	-	-
<b>Operating expenses before finance costs</b>		-	<b>133</b>	-	<b>77</b>	-	<b>297</b>
<b>Profit/(loss) from operating activities</b>		-	<b>(5,983)</b>	-	<b>(602)</b>	-	<b>(7,540)</b>
<b>Finance costs</b>							
Distributions to unitholders		-	-	-	-	-	-
<b>Change in net assets attributable to unitholders/</b>							
<b>Total comprehensive income</b>	4	-	<b>(5,983)</b>	-	<b>(602)</b>	-	<b>(7,540)</b>

The Statements of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 34.

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**Financial Report**  
**Financial Statements - Statements of Changes in Equity**  
**for the financial year ended 30 June 2017**

The Schemes' net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Schemes have no equity, and no items of changes in equity have been presented for the current or comparative year.

**Financial Report**  
**Financial Statements - Statements of Cash Flows**  
**for the financial year ended 30 June 2017**

		1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
	Note	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Cash flows from operating activities:</b>									
Interest received		1	723	7	689	1	927	2	141
Unit trust distribution received		-	877,664	-	855,791	-	1,346,703	-	175,461
Other income received		-	-	-	2	-	87	-	171
Interest paid		-	-	-	-	-	-	-	-
Operating expenses paid		(549)	(3,403)	(4,558)	(19,289)	(846)	(4,093)	(1,040)	(4,684)
Proceeds from sale of investments		-	1,712,000	-	3,257,530	-	2,586,571	-	676,706
Purchase of investments		-	-	-	(35,358)	-	-	-	(5,300)
<b>Net cash flows from/(used in) operating activities</b>	<b>8</b>	<b>(548)</b>	<b>2,586,984</b>	<b>(4,551)</b>	<b>4,059,365</b>	<b>(845)</b>	<b>3,930,195</b>	<b>(1,038)</b>	<b>842,495</b>
<b>Cash flows from financing activities:</b>									
Proceeds from issue of units		-	-	-	8,697	-	6	-	767
Payments for redemption of units		-	-	-	(2,474)	-	(1)	-	(90)
Distributions paid		-	(902,226)	-	(820,368)	-	(1,343,601)	-	(168,315)
Return of capital paid		-	(1,787,059)	-	(3,243,117)	-	(2,682,381)	-	(674,503)
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	<b>(2,689,285)</b>	<b>-</b>	<b>(4,057,262)</b>	<b>-</b>	<b>(4,025,977)</b>	<b>-</b>	<b>(842,141)</b>
Net increase/(decrease) in cash and cash equivalents		(548)	(102,301)	(4,551)	2,103	(845)	(95,782)	(1,038)	354
Cash and cash equivalents at the beginning of the financial year		548	102,849	4,551	2,448	845	96,627	1,038	684
<b>Cash and cash equivalents at the end of the financial year</b>		<b>-</b>	<b>548</b>	<b>-</b>	<b>4,551</b>	<b>-</b>	<b>845</b>	<b>-</b>	<b>1,038</b>

The Statements of Cash Flows should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 34.

**Financial Report**  
**Financial Statements - Statements of Cash Flows**  
**for the financial year ended 30 June 2017**

	Note	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2	
		30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Cash flows from operating activities:</b>							
Interest received		-	101	-	99	-	349
Unit trust distribution received		-	529,061	-	53,679	-	669,314
Other income received		-	-	-	-	-	-
Interest paid		-	(79)	-	-	-	-
Operating expenses paid		(54)	(29,178)	(77)	(1,898)	(297)	(3,385)
Proceeds from sale of investments		-	1,038,092	-	104,414	-	1,308,617
Purchase of investments		-	-	-	-	-	-
<b>Net cash flows from/(used in) operating activities</b>	<b>8</b>	<b>(54)</b>	<b>1,537,997</b>	<b>(77)</b>	<b>156,294</b>	<b>(297)</b>	<b>1,974,895</b>
<b>Cash flows from financing activities:</b>							
Proceeds from issue of units		-	69	-	5	-	14
Payments for redemption of units		-	-	-	-	-	-
Distributions paid		-	(501,294)	-	(51,917)	-	(667,738)
Return of capital paid		-	(1,018,712)	-	(116,848)	-	(1,336,253)
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	<b>(1,519,937)</b>	<b>-</b>	<b>(168,760)</b>	<b>-</b>	<b>(2,003,977)</b>
Net increase/(decrease) in cash and cash equivalents		(54)	18,060	(77)	(12,466)	(297)	(29,082)
Cash and cash equivalents at the beginning of the financial year		54	(18,006)	77	12,543	297	29,379
<b>Cash and cash equivalents at the end of the financial year</b>		<b>-</b>	<b>54</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>297</b>

The Statements of Cash Flows should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 34.

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## **Financial Report Notes to the Financial Statements for the financial year ended 30 June 2017**

### **1. Reporting entity**

The Schemes included in these financial statements are registered Managed Investment Schemes under the *Corporations Act 2001*. The financial statements of the Schemes are for the financial year ended 30 June 2017.

### **2. Basis of preparation**

#### **2.1 Statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Schemes comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors of the Responsible Entity on 7 September 2017.

#### **2.2 Basis of measurement**

The Schemes' underlying securities have been valued on a non-going concern basis. Liquidation values equate to fair values less costs to sell and settlement value for liabilities.

The Board of OnePath Funds Management Limited approved a resolution on 28 May 2015 to terminate the Schemes. As a result of this resolution the financial statements have been prepared on a non-going concern basis.

#### **2.3 Functional and presentation currency**

The financial statements are presented in Australian dollars, which is the Schemes' functional currency.

#### **2.4 Use of estimates and judgements**

The preparation of the financial statements which are in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Note 9.5 Valuation of financial instruments contains information about the estimation of fair values of financial instruments.

The Schemes have been re-assessed as at 30 June 2017 and continued to meet the definition of the investment entities under the definition of AASB 10 *Consolidated Financial Statements* as the following criteria are met:

- The Schemes obtain and manage funds for the purpose of providing investors of the Schemes with investment management services;
- The Schemes have committed to their investors that their business purposes are to invest funds solely for return from capital appreciation and investment income; and
- The Schemes measure and evaluate the performance of their investments on a fair value basis.

#### **2.5 Changes in accounting policies**

There were no changes in the accounting policies of the Schemes during the financial year.

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**Financial Report  
Notes to the Financial Statements  
for the financial year ended 30 June 2017****3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Schemes have not early adopted any accounting standard.

**3.1 Financial instruments****3.1.1 Recognition and initial measurement**

Financial assets and liabilities held at fair value through profit or loss are recognised initially on the trade date at which the Schemes become a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the due date they originated.

Financial assets and financial liabilities held at fair value through the profit or loss are measured initially at fair value, with transaction costs recognised in the Statements of Comprehensive Income. Financial assets or liabilities not held at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

**3.1.2 Derecognition**

The Schemes derecognise financial assets when the contractual rights to the cash flows from the financial assets expire or they transfer the financial assets and the transfer qualifies for derecognition in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

**3.1.3 Classification**

Financial assets and financial liabilities held at fair value through profit or loss are classified as held for trading. These include investments in units in an unlisted unit trust.

Financial assets measured at amortised cost include cash and cash equivalents and accounts receivable. Financial liabilities measured at amortised cost include accounts payable.

**3.1.4 Measurement**

The financial statements have been prepared on a non-going concern basis and as such the Schemes' securities have been valued using liquidation values. Liquidation values equate to fair values less costs to sell and settlement value for liabilities.

**3.1.5 Offsetting**

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Schemes have a legal right to offset the amounts and they intend either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

**3.2 Net assets attributable to unitholders**

Net assets attributable to unitholders represent the estimated value of assets available to unitholders upon termination.

**3.3 Terms and conditions of units**

The Schemes included in these financial statements have between one and two classes of units.

Each unit issued within each class confers upon the unitholders an equal interest in the relevant class and is of equal value. The rights, obligations and restrictions attached to each unit in each class are identical in all respects. The classes in the Schemes differ in terms of the Responsible Entity fees charged.

A unit does not confer any interest in any particular asset or investment of the Schemes. Unitholders have various rights under the applicable Constitution and the *Corporations Act 2001*, including the right to have their units redeemed, receive income distributions and attend and vote at meetings of unitholders.

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**Financial Report**  
**Notes to the Financial Statements**  
**for the financial year ended 30 June 2017****3.4 Cash and cash equivalents**

For the purpose of presentation in the Statements of Cash Flows, cash and cash equivalents may include cash at bank, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts.

**3.5 Interest**

Interest income is recognised in the Statements of Comprehensive Income as it accrues, using the effective interest method of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income is recognised on a gross basis, including withholding tax, if any.

**3.6 Distribution income**

Income distributions from unlisted unit trusts are recognised in the Statements of Comprehensive Income as unit trust distribution income on a present entitlement basis.

**3.7 Expenses**

All expenses, including Responsible Entity fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

Interest expense is interest accrued on overdraft balances held during the financial year.

**3.8 Distribution and taxation**

Under current legislation the Schemes are not subject to income tax as taxable income (including assessable realised capital gains) is distributed in full to the unitholders. The Schemes fully distribute their distributable income, calculated in accordance with the Schemes' Constitutions and applicable taxation legislation, to the unitholders who are presently entitled to the income under the Constitutions.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Schemes are not subject to capital gains tax.

**3.9 Finance costs**

Distributions paid and payable on units are recognised in the Statements of Comprehensive Income as finance costs and as a liability until paid. Distributions paid are included in cash flows from financing activities in the Statements of Cash Flows.

**3.10 Receivables**

Receivables are carried at amortised cost and may include amounts for unsettled sales, accrued income and other receivables such as Reduced Input Tax Credits (RITC).

Unsettled sales are amounts due from brokers for securities sold that have not been received at reporting date. Trades are recorded on trade date, and normally settle within three business days. Accrued income may include amounts for trust distributions, interest income and compensation income. Amounts are generally received within 30 days of being recorded as receivables. RITC is the amount of Goods and Service Tax (GST) recoverable from the Australian Taxation Office (ATO).

**3.11 Payables**

Payables may include amounts for unsettled purchases, accrued expenses and other payables such as GST.

Unsettled purchases are amounts due to brokers for securities purchased that have not been paid at reporting date. Trades are recorded on trade date and normally settle within three business days. Accrued expenses include Responsible Entity fees payable.

**3.12 Change in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statements of Comprehensive Income.

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**3.13 Goods and services tax**

Expenses incurred by the Schemes are recognised net of the amount of GST recoverable from the ATO as RITC.

Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the Statements of Financial Position. Cash flows relating to GST are included in the Statements of Cash Flows on a gross basis.

**3.14 New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations were available for early adoption but have not been applied by the Schemes in these financial statements:

- *AASB 9 Financial Instruments (and applicable amendments)* replacing *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2018. AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has also introduced revised rules around hedge accounting and impairment. The standard is available for early adoption. Management does not expect this standard to have a significant impact on the recognition and measurement of the Schemes' financial instruments as they are carried at fair value through profit or loss. It is not expected that the classification of any financial assets or liabilities will change as a result of adopting AASB 9. The derecognition rules have not been changed from the previous requirements and the Schemes do not apply hedge accounting.
- *AASB 15 Revenue from Contracts with Customers*. AASB 15 is applicable for reporting periods beginning on or after 1 January 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time and over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. This is likely to have a minimal impact to the Schemes if any, due to the nature of the revenue (investment) not falling within the scope of the standard.

Management expects changes in the Schemes' accounting policies due to the adoption of the above accounting standards however no significant changes to the amounts recognised within the financial statements are expected.



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**4. Net assets attributable to unitholders**

The Schemes consider net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

Movements in the number of units and net assets attributable to unitholders of the Schemes during the year are as follows:

	1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	-	1,796,926	-	3,324,013	-	2,697,281	-	691,866
Applications	-	-	-	8,754	-	6	-	767
Redemptions	-	-	-	(2,474)	-	(1)	-	(90)
Return of capital distributions	-	(1,787,059)	-	(3,243,117)	-	(2,682,381)	-	(674,503)
Change in net assets attributable to unitholders	-	(9,867)	-	(87,176)	-	(14,905)	-	(18,040)
<b>Closing balance</b>	-	-	-	-	-	-	-	-
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Units	Units	Units	Units	Units	Units	Units	Units
Opening balance	153,573,930	153,573,930	333,073,614	332,413,564	232,448,509	232,448,042	75,225,675	75,151,439
Applications	-	-	-	885,156	-	514	-	84,248
Redemptions	-	-	-	(225,106)	-	(47)	-	(10,012)
<b>Closing balance</b>	<b>153,573,930</b>	<b>153,573,930</b>	<b>333,073,614</b>	<b>333,073,614</b>	<b>232,448,509</b>	<b>232,448,509</b>	<b>75,225,675</b>	<b>75,225,675</b>
	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016		
	\$	\$	\$	\$	\$	\$		
Opening balance	-	1,024,577	-	117,445	-	1,343,779		
Applications	-	118	-	5	-	14		
Redemptions	-	-	-	-	-	-		
Return of capital distributions	-	(1,018,712)	-	(116,848)	-	(1,336,253)		
Change in net assets attributable to unitholders	-	(5,983)	-	(602)	-	(7,540)		
<b>Closing balance</b>	-	-	-	-	-	-		
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016		
	Units	Units	Units	Units	Units	Units		
Opening balance	91,151,404	91,140,772	9,675,214	9,674,880	115,595,927	115,594,694		
Applications	-	10,632	-	334	-	1,233		
Redemptions	-	-	-	-	-	-		
<b>Closing balance</b>	<b>91,151,404</b>	<b>91,151,404</b>	<b>9,675,214</b>	<b>9,675,214</b>	<b>115,595,927</b>	<b>115,595,927</b>		

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**5. Receivables**

The tables below detail the receivables held by the Schemes at the reporting date:

	1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Interest receivable	-	1	-	7	-	1	-	2
<b>Total receivables</b>	-	<b>1</b>	-	<b>7</b>	-	<b>1</b>	-	<b>2</b>

  

	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$
Interest receivable	-	-	-	-	-	-
<b>Total receivables</b>	-	-	-	-	-	-

**6. Financial assets and liabilities**

The Schemes held no other financial assets and liabilities except units in a suspended related unlisted unit trust which was valued at zero at the current and comparative year end.

**7. Payables**

The tables below detail the payables held by the Schemes at the reporting date:

	1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Responsible Entity fees payable	-	549	-	4,558	-	846	-	1,040
<b>Total payables</b>	-	<b>549</b>	-	<b>4,558</b>	-	<b>846</b>	-	<b>1,040</b>

  

	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$
Responsible Entity fees payable	-	54	-	77	-	297
<b>Total payables</b>	-	<b>54</b>	-	<b>77</b>	-	<b>297</b>

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**8. Reconciliation of cash flows from operating activities**

The tables below detail the reconciliation of cash flows from operating activities for the year as follows:

	1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>8.1 Profit/(Loss) from operating activities</b>	-	(9,867)	-	(84,690)	-	(14,905)	-	(17,522)
<b>Adjustments for net realised and unrealised (gains)/losses on:</b>								
Change in fair value of investments	-	9,865	-	69,053	-	14,904	-	14,350
<b>Changes in operating assets and liabilities:</b>								
Proceeds from sale of investments	-	1,712,000	-	3,257,530	-	2,586,571	-	676,706
Purchase of investments	-	-	-	(35,358)	-	-	-	(5,300)
Net change in receivables	1	877,840	7	870,744	1	1,346,872	2	178,379
Net change in payables	(549)	(2,854)	(4,558)	(2,247)	(846)	(3,247)	(1,040)	(804)
Income reinvested	-	-	-	(15,667)	-	-	-	(3,314)
<b>Net cash flows from/(used in) operating activities</b>	<b>(548)</b>	<b>2,586,984</b>	<b>(4,551)</b>	<b>4,059,365</b>	<b>(845)</b>	<b>3,930,195</b>	<b>(1,038)</b>	<b>842,495</b>
<b>8.2 Non-cash financing and investing activities</b>								
Distributions reinvested by unitholders in additional scheme units	-	-	-	57	-	-	-	-
Trust income reinvested	-	-	-	15,667	-	-	-	3,314

  

	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$
<b>8.1 Profit/(Loss) from operating activities</b>	-	(5,983)	-	(602)	-	(7,540)
<b>Adjustments for net realised and unrealised (gains)/losses on:</b>						
Change in fair value of investments	-	5,982	-	602	-	7,540
<b>Changes in operating assets and liabilities:</b>						
Proceeds from sale of investments	-	1,038,092	-	104,414	-	1,308,617
Purchase of investments	-	-	-	-	-	-
Net change in receivables	-	529,061	-	53,701	-	669,366
Net change in payables	(54)	(29,155)	(77)	(1,821)	(297)	(3,088)
Income reinvested	-	-	-	-	-	-
<b>Net cash flows from/(used in) operating activities</b>	<b>(54)</b>	<b>1,537,997</b>	<b>(77)</b>	<b>156,294</b>	<b>(297)</b>	<b>1,974,895</b>
<b>8.2 Non-cash financing and investing activities</b>						
Distributions reinvested by unitholders in additional scheme units	-	50	-	-	-	-
Trust income reinvested	-	-	-	-	-	-

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**9. Financial risk management**

**9.1 Introduction and overview**

The Schemes are exposed to a variety of financial risks from investments in financial instruments. These risks include:

- credit risk
- liquidity risk
- market risk

This note presents information about the Schemes' exposure to each of the above risks, the Schemes' objectives, policies and processes for measuring and managing risks, and the Schemes' management of unitholder funds.

**9.1.1 Risk management framework**

The Schemes maintain positions in financial instruments in accordance with the PDSs. The Schemes' investment portfolios comprise an unlisted unit trust valued at zero.

**9.2 Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Schemes, resulting in a financial loss to the Schemes. It arises principally from cash and cash equivalents.

**9.2.1 Management of credit risk**

The Schemes' policy over credit risk was to minimise its exposure to counterparties with higher risk of default by dealing only with counterparties meeting the credit standards set out in the Schemes' PDSs. Credit risk was further minimised by managing the assets of the Schemes within credit rating limits.

**9.2.2 Cash and cash equivalents**

In the prior year, the Schemes' cash was held by Australia and New Zealand Banking Group Limited (ANZ). The credit rating of ANZ as determined by Standard & Poor's was A-1+. In the current year, the Schemes have no investment in cash and cash equivalents. Maximum credit risk exposure from cash and cash equivalents is represented by the carrying amount on the Statements of Financial Position.

**9.2.3 Settlement risk**

The Schemes' activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

**9.3 Liquidity risk**

Liquidity risk is the risk that the Schemes will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Schemes.

**9.3.1 Management of liquidity risk**

The Schemes' liquidity risk is managed by the Responsible Entity and as at 30 June 2017, the Schemes hold investments in a suspended unlisted unit trust which is carried at zero value. As a result, the Schemes may not be able to liquidate their investments due to redemption restrictions.

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**9.3.2 Liquidity risk exposure**

The tables below detail the financial instruments currently in a liability position based on a contractual basis.

	1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Non-derivative financial liabilities</b>								
<b>Payables</b>								
Due for maturity in: < 1 month	-	549	-	4,558	-	846	-	1,040
<b>Total payables</b>	-	<b>549</b>	-	<b>4,558</b>	-	<b>846</b>	-	<b>1,040</b>
<b>Amounts payable to unitholders</b>								
<b>Total amounts payable to unitholders</b>	-	-	-	-	-	-	-	-

	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2	
	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$	30 June 2017 \$	30 June 2016 \$
<b>Non-derivative financial liabilities</b>						
<b>Payables</b>						
Due for maturity in: < 1 month	-	54	-	77	-	297
<b>Total payables</b>	-	<b>54</b>	-	<b>77</b>	-	<b>297</b>
<b>Amounts payable to unitholders</b>						
<b>Total amounts payable to unitholders</b>	-	-	-	-	-	-

**9.4 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Schemes' income or the value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**9.4.1 Interest rate risk**

The Schemes are exposed to the risk that the value or future cash flows of their financial instruments will fluctuate as a result of changes in market interest rates. In the current year, the Schemes were not exposed to interest rate risk. In the prior year, financial instruments that were impacted by changes in market interest rates included cash and cash equivalents.

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#### 9.4.2 Exposure and sensitivity analysis - interest rate risk

Direct interest rate risk exposure at reporting date is disclosed in Note 9.4.3 Interest rate risk exposure and sensitivity analysis.

A sensitivity analysis reflects how 'Net assets attributable to unitholders' and 'Changes in net assets attributable to unitholders/Total comprehensive income' would have been affected by changes in the relevant risk variable at the end of the reporting period. Management have determined that a fluctuation in interest rates of 100 basis points is reasonably possible, considering the economic environment in which the Schemes operate.

The tables at Note 9.4.3 Interest rate risk exposure and sensitivity analysis set out the effect on the Schemes' 'Net assets attributable to unitholders' and 'Change in net assets attributable to unitholders/Total comprehensive income' of a reasonably possible increase or reduction of 100 basis points in interest rates at 30 June 2017 (2016: 100 basis points).

#### 9.4.3 Interest rate risk exposure and sensitivity analysis

The tables below detail the assets and liabilities exposed to, and sensitivity analysis on, interest rate risk.

	1. ANZ Mortgage Fund			2. ANZ OA OnePath Income Plus Trust			3. ANZ OA OnePath Mortgage Trust			4. Income Plus Trust		
	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$
<b>30 June 2017</b>												
<b>Financial assets</b>												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net exposure</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>30 June 2016</b>												
<b>Financial assets</b>												
Cash and cash equivalents	-	548	548	-	4,551	4,551	-	845	845	-	1,038	1,038
<b>Net exposure</b>	-	<b>548</b>	<b>548</b>	-	<b>4,551</b>	<b>4,551</b>	-	<b>845</b>	<b>845</b>	-	<b>1,038</b>	<b>1,038</b>
<b>Sensitivity analysis</b>	2017 \$	2016 \$		2017 \$	2016 \$		2017 \$	2016 \$		2017 \$	2016 \$	
<b>Impact on Profit/loss from operating activities and Net assets attributable to unitholders</b>												
Interest rate risk - increase of 100bp (2016 100bp)	-	5		-	46		-	8		-	10	
Interest rate risk - decrease of 100bp (2016 100bp)	-	(5)		-	(46)		-	(8)		-	(10)	

	5. Monthly Income Trust			6. OnePath AJ Mortgage Fund			7. OnePath Mortgage Trust No.2		
	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$
<b>30 June 2017</b>									
<b>Financial assets</b>									
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
<b>Net exposure</b>	-	-	-	-	-	-	-	-	-
<b>30 June 2016</b>									
<b>Financial assets</b>									
Cash and cash equivalents	-	54	54	-	77	77	-	297	297
<b>Net exposure</b>	-	<b>54</b>	<b>54</b>	-	<b>77</b>	<b>77</b>	-	<b>297</b>	<b>297</b>
<b>Sensitivity analysis</b>	2017 \$	2016 \$		2017 \$	2016 \$		2017 \$	2016 \$	
<b>Impact on Profit/loss from operating activities and Net assets attributable to unitholders</b>									
Interest rate risk - increase of 100bp (2016 100bp)	-	1		-	1		-	3	
Interest rate risk - decrease of 100bp (2016 100bp)	-	(1)		-	(1)		-	(3)	

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**9.4.4 Other price risk**

At reporting date other price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The changes in the value of the Schemes' financial instruments are recognised in the Statements of Comprehensive Income in the line item 'Net change in fair value of investments'.

**9.4.5 Exposure and Sensitivity analysis - other price risk**

The other price risk exposure of financial instruments is equal to the value of financial instruments as reported in the Statements of Financial Position and in Note 6 Financial assets and liabilities.

A sensitivity analysis reflects how 'Net assets attributable to unitholders' and 'Changes in net assets attributable to unitholders/Total comprehensive income' would have been affected by changes in the relevant risk variable at the end of the reporting period.

**9.4.6 Other price risk - sensitivity analysis**

The Schemes' other price downside risk exposure is nil as the Schemes held no other financial instruments except units in a suspended unlisted unit trust which was valued at zero at the current and comparative year end. Hence a movement in market prices may only have an upside impact on the Schemes, if the underlying instrument was revalued above a zero unit price.

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**9.5 Valuation of financial instruments**

The Schemes' accounting policy on fair value measurement is discussed in Note 3.1.4 Measurement.

The Schemes measure value using the following fair value hierarchy that reflect the significance of the inputs used in making the measurements:

**Level 1** - Quoted price (unadjusted) in an active market for an identical instrument.

The quoted market price used for financial assets is the current bid price. The quoted market price used for financial liabilities is the current ask price.

**Level 2** - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

**Level 3** - Valuation techniques using significant unobservable inputs.

This category includes all instruments that use a valuation technique which includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The valuation of managed investment schemes included in Level 2 and Level 3 is based on the daily net asset value of the managed investment scheme provided by the relevant Responsible Entities.

The Schemes recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. Changes in Level 2 and 3 fair values are analysed at each reporting date and the reasons for the fair value movements are explained. There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year ended 30 June 2017.



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**9.5.1 Financial instruments hierarchy**

**9.5.1.1 Recurring fair value measurements**

The Schemes held units in a suspended unlisted unit trust which was valued at zero at the current and comparative year end. The suspended unlisted unit trust is classified as Level 3 in the fair value hierarchy.

**9.5.1.2 Non - recurring fair value measurements**

The Schemes have no assets or liabilities measured on a non - recurring basis in the current reporting period.

**9.5.2 Movements of Level 3 securities**

Level 3 securities held are securities valued by using inputs not derived from observable market data. Inputs are prices derived from external sources which use various valuation techniques that include unobservable inputs. Transfers are considered when the underlying conditions of the financial instruments change.

The following tables detail a reconciliation of opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

		1. ANZ Mortgage Fund†									
		Financial assets & liabilities at fair value through profit or loss 30 June 2017					Financial assets & liabilities at fair value through profit or loss 30 June 2016				
	Note	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
<b>Financial assets and liabilities at fair value through profit or loss</b>											
Opening balance		-	-	-	-	-	-	-	1,721,865	-	1,721,865
Total gains or losses in profit or loss*		-	-	-	-	-	-	-	(9,865)	-	(9,865)
Settlements		-	-	-	-	-	-	-	(1,712,000)	-	(1,712,000)
<b>Closing balance</b>	<b>9.5.1.1</b>	-	-	-	-	-	-	-	-	-	-
<b>Total unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period*</b>											
		-	-	-	-	-	-	-	(9,865)	-	(9,865)

\* These amounts are included in 'Net change in fair value of investments' within the Statements of Comprehensive Income.

		2. ANZ OA OnePath Income Plus Trust†									
		Financial assets & liabilities at fair value through profit or loss 30 June 2017					Financial assets & liabilities at fair value through profit or loss 30 June 2016				
	Note	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
<b>Financial assets and liabilities at fair value through profit or loss</b>											
Opening balance		-	-	-	-	-	-	-	1,684,371	-	1,684,371
Total gains or losses in profit or loss*		-	-	-	-	-	-	-	(9,650)	-	(9,650)
Settlements		-	-	-	-	-	-	-	(1,674,721)	-	(1,674,721)
<b>Closing balance</b>	<b>9.5.1.1</b>	-	-	-	-	-	-	-	-	-	-
<b>Total unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period*</b>											
		-	-	-	-	-	-	-	(9,650)	-	(9,650)

\* These amounts are included in 'Net change in fair value of investments' within the Statements of Comprehensive Income.

† The Schemes invest into the Mortgage Pool, which is a suspended unlisted unit trust and valued at zero at the current and comparative year end. Determination of the valuation of the Mortgage Pool units is subject to the outcome of litigation in the Mortgage Pool. Provisions in respect of litigation are subject to professional judgement.

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**9.5.2 Movements of Level 3 securities**

		<b>3. ANZ OA OnePath Mortgage Trust†</b>									
		Financial assets & liabilities at fair value through profit or loss 30 June 2017					Financial assets & liabilities at fair value through profit or loss 30 June 2016				
	Note	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
<b>Financial assets and liabilities at fair value through profit or loss</b>											
Opening balance		-	-	-	-	-	-	-	2,601,475	-	2,601,475
Total gains or losses in profit or loss*		-	-	-	-	-	-	-	(14,904)	-	(14,904)
Settlements		-	-	-	-	-	-	-	(2,586,571)	-	(2,586,571)
<b>Closing balance</b>	<b>9.5.1.1</b>	-	-	-	-	-	-	-	-	-	-
<b>Total unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period*</b>											
		-	-	-	-	-	-	-	<b>(14,904)</b>	-	<b>(14,904)</b>

\* These amounts are included in 'Net change in fair value of investments' within the Statements of Comprehensive Income.

		<b>4. Income Plus Trust†</b>									
		Financial assets & liabilities at fair value through profit or loss 30 June 2017					Financial assets & liabilities at fair value through profit or loss 30 June 2016				
	Note	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
<b>Financial assets and liabilities at fair value through profit or loss</b>											
Opening balance		-	-	-	-	-	-	-	347,961	-	347,961
Total gains or losses in profit or loss*		-	-	-	-	-	-	-	(1,994)	-	(1,994)
Settlements		-	-	-	-	-	-	-	(345,967)	-	(345,967)
<b>Closing balance</b>	<b>9.5.1.1</b>	-	-	-	-	-	-	-	-	-	-
<b>Total unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period*</b>											
		-	-	-	-	-	-	-	<b>(1,994)</b>	-	<b>(1,994)</b>

\* These amounts are included in 'Net change in fair value of investments' within the Statements of Comprehensive Income.

		<b>5. Monthly Income Trust†</b>									
		Financial assets & liabilities at fair value through profit or loss 30 June 2017					Financial assets & liabilities at fair value through profit or loss 30 June 2016				
	Note	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
<b>Financial assets and liabilities at fair value through profit or loss</b>											
Opening balance		-	-	-	-	-	-	-	1,044,075	-	1,044,075
Total gains or losses in profit or loss*		-	-	-	-	-	-	-	(5,982)	-	(5,982)
Settlements		-	-	-	-	-	-	-	(1,038,093)	-	(1,038,093)
<b>Closing balance</b>	<b>9.5.1.1</b>	-	-	-	-	-	-	-	-	-	-
<b>Total unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period*</b>											
		-	-	-	-	-	-	-	<b>(5,982)</b>	-	<b>(5,982)</b>

\* These amounts are included in 'Net change in fair value of investments' within the Statements of Comprehensive Income.

† The Schemes invest into the Mortgage Pool, which is a suspended unlisted unit trust and valued at zero at the current and comparative year end. Determination of the valuation of the Mortgage Pool units is subject to the outcome of litigation in the Mortgage Pool. Provisions in respect of litigation are subject to professional judgement.

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**9.5.2 Movements of Level 3 securities**

		<b>6. OnePath AJ Mortgage Fund†</b>									
		Financial assets & liabilities at fair value through profit or loss 30 June 2017					Financial assets & liabilities at fair value through profit or loss 30 June 2016				
	Note	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
<b>Financial assets and liabilities at fair value through profit or loss</b>											
Opening balance		-	-	-	-	-	-	-	105,016	-	105,016
Total gains or losses in profit or loss*		-	-	-	-	-	-	-	(602)	-	(602)
Settlements		-	-	-	-	-	-	-	(104,414)	-	(104,414)
<b>Closing balance</b>	<b>9.5.1.1</b>	-	-	-	-	-	-	-	-	-	-
<b>Total unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period*</b>											
		-	-	-	-	-	-	-	<b>(602)</b>	-	<b>(602)</b>

\* These amounts are included in 'Net change in fair value of investments' within the Statements of Comprehensive Income.

		<b>7. OnePath Mortgage Trust No.2†</b>									
		Financial assets & liabilities at fair value through profit or loss 30 June 2017					Financial assets & liabilities at fair value through profit or loss 30 June 2016				
	Note	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Interest bearing securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
<b>Financial assets and liabilities at fair value through profit or loss</b>											
Opening balance		-	-	-	-	-	-	-	1,316,157	-	1,316,157
Total gains or losses in profit or loss*		-	-	-	-	-	-	-	(7,540)	-	(7,540)
Settlements		-	-	-	-	-	-	-	(1,308,617)	-	(1,308,617)
<b>Closing balance</b>	<b>9.5.1.1</b>	-	-	-	-	-	-	-	-	-	-
<b>Total unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period*</b>											
		-	-	-	-	-	-	-	<b>(7,540)</b>	-	<b>(7,540)</b>

\* These amounts are included in 'Net change in fair value of investments' within the Statements of Comprehensive Income.

† The Schemes invest into the Mortgage Pool, which is a suspended unlisted unit trust and valued at zero at the current and comparative year end. Determination of the valuation of the Mortgage Pool units is subject to the outcome of litigation in the Mortgage Pool. Provisions in respect of litigation are subject to professional judgement.

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**9.5.3 Inputs used for Level 3 fair value measurement**

The tables below summarise the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

Type	Valuation Approach	Key Unobservable Inputs	Range*	1. ANZ Mortgage Fund†		2. ANZ OA OnePath Income Plus Trust†	
				Fair Value	Fair Value	Fair Value	Fair Value
				\$	\$	\$	\$
				30 June 2017	30 June 2016	30 June 2017	30 June 2016

Holdings in suspended schemes	Latest available trade price	Valuation of underlying assets of managed investments scheme Suspension of redemption Liquidity	0 - 100%	-	-	-	-
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Type	Valuation Approach	Key Unobservable Inputs	Range*	3. ANZ OA OnePath Mortgage Trust†		4. Income Plus Trust†	
				Fair Value	Fair Value	Fair Value	Fair Value
				\$	\$	\$	\$
				30 June 2017	30 June 2016	30 June 2017	30 June 2016

Holdings in suspended schemes	Latest available trade price	Valuation of underlying assets of managed investments scheme Suspension of redemption Liquidity	0 - 100%	-	-	-	-
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Type	Valuation Approach	Key Unobservable Inputs	Range*	5. Monthly Income Trust†		6. OnePath AJ Mortgage Fund†	
				Fair Value	Fair Value	Fair Value	Fair Value
				\$	\$	\$	\$
				30 June 2017	30 June 2016	30 June 2017	30 June 2016

Holdings in suspended schemes	Latest available trade price	Valuation of underlying assets of managed investments scheme Suspension of redemption Liquidity	0 - 100%	-	-	-	-
-------------------------------	------------------------------	---	----------	---	---	---	---

\* Range reflects the movement in holdings in a suspended scheme which is currently valued at zero. If the price of the underlying scheme increases from zero, there will be a movement increase greater than 100% in Level 3 asset.

† The Schemes invest into the Mortgage Pool, which is a suspended unlisted unit trust and valued at zero at the current and comparative year end. Determination of the valuation of the Mortgage Pool units is subject to the outcome of litigation in the Mortgage Pool. Provisions in respect of litigation are subject to professional judgement.

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**9.5.3 Inputs used for Level 3 fair value measurement**

Type	Valuation Approach	Key Unobservable Inputs	Range*	7. OnePath Mortgage Trust No.2†	
				Fair Value \$	Fair Value \$
				30 June 2017	30 June 2016
Holdings in suspended schemes	Latest available trade price	Valuation of underlying assets of managed investments scheme Suspension of redemption Liquidity	0 - 100%	-	-

\* Range reflects the movement in holdings in a suspended scheme which is currently valued at zero. If the price of the underlying scheme increases from zero, there will be a movement increase greater than 100% in Level 3 asset.

† The Schemes invest into the Mortgage Pool, which is a suspended unlisted unit trust and valued at zero at the current and comparative year end. Determination of the valuation of the Mortgage Pool units is subject to the outcome of litigation in the Mortgage Pool. Provisions in respect of litigation are subject to professional judgement.

Each of the unobservable inputs may have an impact on the other as suspension of underlying investments could materially impact the liquidity and therefore adjustments to the fair value may be required.

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**9.5.4 Level 3 sensitivity analysis of unobservable inputs**

The Schemes invest into the Mortgage Pool, which is a suspended unlisted unit trust and valued at zero at the current and comparative year end. The suspended unlisted unit trust is classified as Level 3 in the fair value hierarchy. Determination of the valuation of the Mortgage Pool units is subject to the outcome of litigation in the Mortgage Pool. Provisions in respect of litigation are subject to professional judgement. If the Mortgage Pool was revalued above a zero price this would have an upwards movement on profit or loss of the Schemes.

**9.5.5 Valuation processes**

The Responsible Entity's Wealth Investment Governance Forum ('WIGF') is responsible for valuations of the financial instruments.

On a monthly basis the Responsible Entity's Investment Valuation Forum reviews valuation exceptions and reports to WIGF.

**10. Auditor's remuneration**

During the year the following fees were paid or payable for services provided by the auditor of the Schemes:

	1. ANZ Mortgage Fund		2. ANZ OA OnePath Income Plus Trust		3. ANZ OA OnePath Mortgage Trust		4. Income Plus Trust	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>KPMG</b>								
- Financial statement audit Paid by Responsible Entity	4,963	4,819	4,963	4,819	4,963	4,819	4,963	4,819
- Compliance and regulatory Paid by Responsible Entity	753	784	753	784	753	784	753	784
<b>Total audit fees paid</b>	<b>5,716</b>	<b>5,603</b>	<b>5,716</b>	<b>5,603</b>	<b>5,716</b>	<b>5,603</b>	<b>5,716</b>	<b>5,603</b>
	5. Monthly Income Trust		6. OnePath AJ Mortgage Fund		7. OnePath Mortgage Trust No.2			
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016		
	\$	\$	\$	\$	\$	\$		
<b>KPMG</b>								
- Financial statement audit Paid by Responsible Entity	4,963	4,819	4,963	4,819	4,963	4,819		
- Compliance and regulatory Paid by Responsible Entity	753	784	753	784	753	784		
<b>Total audit fees paid</b>	<b>5,716</b>	<b>5,603</b>	<b>5,716</b>	<b>5,603</b>	<b>5,716</b>	<b>5,603</b>		

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## Financial Report

### Notes to the Financial Statements

#### for the financial year ended 30 June 2017

#### 11. Related parties

##### 11.1 Responsible Entity

The Responsible Entity of the Schemes is OnePath Funds Management Limited (ABN 21 003 002 800). OnePath Funds Management Limited is a subsidiary of Australia and New Zealand Banking Group Limited (ANZ).

##### 11.2 Key management personnel

The Schemes do not employ personnel in their own right. However, the Schemes are required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel, during or since the end of the financial year are:

Name	Position Held	Date Appointed	Date Resigned
A H Chonowitz	Non-Executive Director	Appointed 1 March 2015	
L M Fricke	Non-Executive Director	Appointed 7 September 2017	
P G Mullin	Executive Director	Appointed 1 March 2015	
S C Brentnall	Executive Director	Appointed 1 March 2013	Resigned 10 March 2017
S J Chapman*	Non-Executive Director, Chairman	Appointed 1 August 2011	
V S Weekes	Non-Executive Director	Appointed 1 May 2011	

\* S J Chapman replaced V S Weekes as Chairman effective 13 April 2017.

The Schemes have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the reporting period.

No director has entered into a material contract with the Schemes since the end of the previous financial year and there were no material contracts involving directors' interests existing at financial year end.

##### 11.3 Related party transactions

All related party transactions are conducted on commercial terms and conditions.

The Directors of the Responsible Entity may also be employees and/or directors of other companies owned by ANZ. The Responsible Entity may also be involved in activities other than the business of managed investment schemes.

The Schemes have not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity at any time during the reporting period.

No compensation is paid to the Directors of the Responsible Entity by the Schemes. From time to time the Directors of OnePath Funds Management Limited may invest or withdraw from the Schemes. These investments or withdrawals are on the same terms and conditions as those entered into by other unitholders in the Schemes.

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**11.4 Responsible Entity fees**

The Responsible Entity is entitled to management fees which are calculated as a proportion of net assets attributable to unitholders. All transactions with related parties are conducted on normal commercial terms and conditions. Management fees are reflected as 'Responsible Entity fees' in the Statements of Comprehensive Income. Fees received by the Responsible Entity for the year ended 30 June 2017 are as follows:

	Total management fees paid and payable to the RE during the financial year	
	2017*	2016
	\$	\$
1. ANZ Mortgage Fund - Series 1	-	549
1. ANZ Mortgage Fund - Series 2	-	-
2. ANZ OA OnePath Income Plus Trust - Pool Class†	-	-
2. ANZ OA OnePath Income Plus Trust - Retail Class	-	18,213
3. ANZ OA OnePath Mortgage Trust	-	846
4. Income Plus Trust - Pool Class†	-	-
4. Income Plus Trust - Retail Class	-	3,880
5. Monthly Income Trust	-	54
6. OnePath AJ Mortgage Fund	-	77
7. OnePath Mortgage Trust No.2	-	297

\* There were no fees charged during current year.

† This was a feeless class/scheme and any fees charged were indirect.



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**for the financial year ended 30 June 2017**

**11.5 Related party investments held by the Schemes**

The Schemes may purchase and sell units in other schemes managed by OnePath Funds Management Limited in the ordinary course of business at application and redemption prices calculated in accordance with the Constitutions of the Schemes.

Details of the Schemes' investments in other schemes operated by OnePath Funds Management Limited are set out in the table below:

Name of entity Name of related entity	Fair value of unit holdings*		% Interest held		Units purchased/reinvested during the period		Units redeemed during the period		Distributions received/receivable (including Return of Capital)		Number of units held	
	2017 \$	2016 \$	2017 %	2016 %	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017	2016
<b>1. ANZ Mortgage Fund</b>												
Mortgage Pool	-	-	12.61	12.61	-	-	-	-	-	1,715,025	75,323,457	75,323,457
<b>2. ANZ OA OnePath Income Plus Trust</b>												
ANZ Australian Cash Fund	-	-	-	-	-	3,278	-	489,285	-	1,888	-	-
ANZ OA OnePath Blue Chip Imputation Trust	-	-	-	-	-	44,908	-	621,340	-	-	-	-
ANZ OA OnePath Property Securities Trust	-	-	-	-	-	2,838	-	472,183	-	-	-	-
Mortgage Pool	-	-	12.30	12.30	-	-	-	-	-	1,672,287	73,446,412	73,446,412
<b>3. ANZ OA OnePath Mortgage Trust</b>												
Mortgage Pool	-	-	19.36	19.36	-	-	-	-	-	2,631,565	115,577,658	115,577,658
<b>4. Income Plus Trust</b>												
ANZ Australian Cash Fund	-	-	-	-	-	685	-	101,727	-	396	-	-
ANZ OA OnePath Blue Chip Imputation Trust	-	-	-	-	-	7,337	-	130,565	-	-	-	-
ANZ OA OnePath Property Securities Trust	-	-	-	-	-	592	-	98,446	-	-	-	-
Mortgage Pool	-	-	2.52	2.52	-	-	-	-	-	342,866	15,058,576	15,058,576
<b>5. Monthly Income Trust</b>												
Mortgage Pool	-	-	7.60	7.60	-	-	-	-	-	1,033,826	45,405,391	45,405,391
<b>6. OnePath AJ Mortgage Fund</b>												
Mortgage Pool	-	-	0.77	0.77	-	-	-	-	-	104,892	4,606,845	4,606,845
<b>7. OnePath Mortgage Trust No.2</b>												
Mortgage Pool	-	-	9.62	9.62	-	-	-	-	-	1,307,893	57,442,343	57,442,343

\* The Schemes held units in a suspended unlisted unit trust which was valued at zero at the current and comparative year.

## Financial Report

### Notes to the Financial Statements

#### for the financial year ended 30 June 2017

#### 11.6 ANZ Securities - Related party investments

OnePath Funds Management Limited is a subsidiary of ANZ. As such investments in securities or accounts issued by ANZ are classified as related party transactions.

The Schemes' holdings in ANZ issued securities, investments or accounts and income received from such investments are set out in the table below:

Name of entity	2017		2016	
	Value as at	Income received/ receivable	Value as at	Income received/ receivable
	30 June 2017 \$	30 June 2017 \$	30 June 2016 \$	30 June 2016 \$
<b>1. ANZ Mortgage Fund</b>				
Cash and cash equivalents	-	-	548	547
<b>2. ANZ OA OnePath Income Plus Trust</b>				
Cash and cash equivalents	-	-	4,551	616
<b>3. ANZ OA OnePath Mortgage Trust</b>				
Cash and cash equivalents	-	-	845	735
<b>4. Income Plus Trust</b>				
Cash and cash equivalents	-	-	1,038	128
<b>5. Monthly Income Trust</b>				
Cash and cash equivalents	-	-	54	42
<b>6. OnePath AJ Mortgage Fund</b>				
Cash and cash equivalents	-	-	77	76
<b>7. OnePath Mortgage Trust No.2</b>				
Cash and cash equivalents	-	-	297	294

#### 12. Investment assets and liabilities of unconsolidated structured entities

The Schemes' investment assets are units in the Mortgage Pool which were valued at zero as at 30 June 2017.

#### 13. Custodian

OnePath Funds Management Limited (ABN 21 003 002 800) is the custodian of the Schemes.

#### 14. Commitments and contingencies

There were no commitments or contingencies for the Schemes as at the reporting date (30 June 2016: Nil).

#### 15. Schemes Suspension

The Schemes have been suspended since 24 October 2008.

#### 15.1 Schemes Termination

The Schemes were approved to terminate by a Board resolution on 28 May 2015. Termination of the Schemes will not be immediate due to outstanding litigation on past loans still to be resolved within the Mortgage Pool investment.

#### 15.2 Mortgage Pool and Schemes investing into the Mortgage Pool

On 28 May 2015, the Board of OnePath Funds Management Limited approved a resolution to terminate the Mortgage Pool. The Mortgage Pool is a suspended managed investment scheme managed by OnePath Funds Management Limited which had a zero unit price at reporting date.

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**Financial Report**  
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**for the financial year ended 30 June 2017**

**16. Significant events during the financial period**

There have been no significant changes in the state of affairs of the Schemes for the financial year ended 30 June 2017.

**17. Likely developments and expected results of operations**

The Schemes were approved to terminate by a Board resolution on 28 May 2015. Termination of the Schemes will not be immediate due to outstanding litigation on past loans still to be resolved within the Mortgage Pool investment.

On 3 November 2016, Australia and New Zealand Banking Group Limited (ANZ), the parent company of the Responsible Entity, announced the results of the strategic review of its Wealth business in Australia which includes insurance, advice, superannuation and investment businesses.

OnePath Funds Management Limited, the Responsible Entity of the Schemes, formed part of the group of businesses under review.

The review concluded that while distribution of high quality Wealth products and services should remain a core component of the ANZ's overall customer proposition, ANZ does not need to be a manufacturer or provider of those goods and services.

ANZ are exploring a range of possible strategic and capital markets options, which includes the possible sale of the insurance, advice, superannuation and investment businesses.

Further information about the likely developments regarding the outcomes has not been included in this report because disclosure of the information may result in unreasonable prejudice to the Schemes.

**18. Events subsequent to reporting date**

There are no significant events that have occurred since the financial year ended 30 June 2017 which have a material effect on these financial statements or the Schemes' results and operations.

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## Financial Report Directors' Declaration

OnePath Funds Management Limited presents the Directors' Declaration in respect of the following Schemes:

1. ANZ Mortgage Fund
2. ANZ OA OnePath Income Plus Trust
3. ANZ OA OnePath Mortgage Trust
4. Income Plus Trust
5. Monthly Income Trust
6. OnePath AJ Mortgage Fund
7. OnePath Mortgage Trust No.2

In accordance with a resolution of the Directors of OnePath Funds Management Limited we state that:

In the opinion of the Directors:

1. The financial statements and notes to the financial statements of the Schemes, set out on pages 5 to 34 are in accordance with the *Corporations Act 2001*, including:
  - 1.1 giving a true and fair view of the Schemes' financial positions as at 30 June 2017 and their performance for the financial year ended on that date.
  - 1.2 complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes to the financial statements of the Schemes, set out on pages 5 to 34 comply with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.

This Declaration is made in accordance with a resolution of the Directors of OnePath Funds Management Limited.



**Director**

Sydney

7 September 2017



## Independent Auditor's Report

To the respective unitholders of the following Schemes:

- ANZ Mortgage Fund
- ANZ OA OnePath Income Plus Trust
- ANZ OA OnePath Mortgage Trust
- Income Plus Trust
- Monthly Income Trust
- OnePath AJ Mortgage Fund
- OnePath Mortgage Trust No.2

For the purpose of this report, the term Scheme and Schemes denote the individual and distinct entity for which the financial information is prepared and upon which our audit is performed. Each is to be read as a singular subject matter.

### Opinions

We have audited each of the **Financial Reports** of the Schemes.

In our opinion, the accompanying Financial Report of each Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2017, and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective **Financial Reports** of the individual Schemes comprise:

- Statements of Financial Position as at 30 June 2017;
- Statements of Comprehensive Income for the year then ended;
- Statements of Changes in Equity for the year then ended;
- Statements of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration made by the Directors' of OnePath Funds Management Limited (the Responsible Entity).

### Basis of opinions

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Schemes and the Responsible Entity in accordance with the *Corporations Act 2001* and the relevant ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Emphasis of Matter - Basis of Preparation

We draw attention to Note 2.2 in the Financial Reports, which indicates that the Financial Reports have been prepared on a basis other than going concern. On 28 May 2015 the Responsible Entity resolved to terminate the Schemes on a date subsequent to 30 June 2017. The Schemes are no longer considered going concerns. Our opinion is not modified in respect of this matter.

### Other Information

Other Information is financial and non-financial information in the issuer of the respective Scheme's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of Directors for the Financial Reports

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing each Scheme's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the respective Scheme or to cease operations, or have no realistic alternative but to do so.



## Independent Auditor's Report

### Auditor's responsibilities for the audits of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our Auditor's Report.

KPMG

Michael O Connell

*Partner*

Sydney  
7 September 2017



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of OnePath Funds Management Limited, the Responsible Entity for the following Schemes:

- ANZ Mortgage Fund
- ANZ OA OnePath Income Plus Trust
- ANZ OA OnePath Mortgage Trust
- Income Plus Trust
- Monthly Income Trust
- OnePath AJ Mortgage Fund
- OnePath Mortgage Trust No.2

I declare that, to the best of my knowledge and belief, in relation to each of the audits of the Schemes for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to each audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to each audit.

KPMG

Michael O Connell

Partner

Sydney  
7 September 2017

## CONTACT DETAILS FOR THE SCHEMES

### CUSTOMER SERVICES

 13 38 63 weekdays between 8.30am and 6.30pm (AEST)

 [customer@onepath.com.au](mailto:customer@onepath.com.au)

### ANZ SERVICEPLUS

For use by ANZ Financial Planners only.

 1800 998 996 weekdays between 8.00am and 6.00pm (AEST)

 [anzserviceplus@anz.com](mailto:anzserviceplus@anz.com)

### POSTAL ADDRESS

 OnePath Funds Management Limited  
GPO Box 4028  
Sydney NSW 2001

### WEBSITE

 [anz.com](http://anz.com)

### RESPONSIBLE ENTITY

OnePath Funds Management Limited  
ABN 21 003 002 800  
AFSL 238342

### CUSTODIAN

OnePath Funds Management Limited  
242 Pitt Street  
Sydney NSW 2000

### AUDITOR

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000