investor update

July 2016

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This annual publication is exclusively produced for investors of ANZ OneAnswer Personal Super, ANZ OneAnswer Pension, ANZ OneAnswer Term Allocated Pension, ANZ OneAnswer Investment Portfolio and the ANZ OneAnswer//Select suite of products (ANZ OneAnswer).

In this Investor Update, the term 'ANZ OneAnswer Pension' refers to 'ANZ OneAnswer Allocated Pension'.

ANZ OneAnswer is issued by OnePath Custodians Pty Limited (OPC) and OnePath Funds Management Limited (OPFM) respectively. Both OPC and OPFM are wholly owned subsidiaries of Australia and New Zealand Banking Group Limited (ANZ).

WELCOME

Welcome to your 2016 Investor Update

A new look and a better way to keep up-to-date with your account.

ACCESS MORE INVESTOR INSIGHTS ONLINE

Do you know that you can access the information in this update and more investor insights online? Our new online version of this update can be viewed on any device. So whether you're on your smartphone, tablet or desktop, it's now even easier to access important product information and investment insights. Plus there are tips on how to make the most of your super.

INVESTMENT PERFORMANCE

In this edition, our Chief Investment Officer Stewart Brentnall shares his insight on what has been affecting markets and how this is impacting your investment performance. The volatility we're seeing in the market can make some members nervous, particularly since 'Brexit' (the UK vote to leave the European Union), so we've got some information to help you hold your nerve. At times like these it's always important to take a long term perspective, rather than focus on day to day market fluctuations.

As always, we recommend the best way to stay abreast of the changes and to maximise your financial future is to regularly meet with your financial adviser. In our view, the need for regular financial advice is paramount and plays a key role in ensuring your long-term financial goals can be achieved.

We hope you enjoy this edition of your Investor Update. Thank you for choosing us for your super, investment and retirement needs. We look forward to continuing to effectively manage your investments well into the future.

Mark Pankhurst
Head of Superannuation
ANZ Wealth

WHAT HAS SHAPED YOUR INVESTMENT PERFORMANCE?

Stewart Brentnall, ANZ Wealth's Chief Investment Officer, looks at the factors driving investment markets so you can see what is shaping your investment returns.

While economic stimulus measures helped make investors feel more confident about markets towards the end of May, we need to keep in mind why such stimulus was needed in the first place. This is because the risks to growth and earnings remain.

- **Softer developed-world growth**
  While developed economies are still growing, the rate of growth is likely to be below average for the rest of 2016. While interest rates remain very low, high indebtedness is holding back spending and weak population growth slows the potential growth of these economies.
- **Company profit tensions**
  There is a direct relationship between global growth and likely company profit margins and earnings, which is what shapes share market performance.
  At the moment we think the market's future expectations are too optimistic given that global growth will remain moderate. It is likely that return prospects will be weak unless earnings growth really picks up or share-price expectations rise relative to earnings per share – we think both of these scenarios are unlikely given the current environment.
- **China's economy is still transforming**
  China is moving from a traditional economy, with growth led by the industrial sector, to a more modern economy with more growth driven by the services sector and household consumption. Recent government stimulus has helped support growth in the industrial sector at a time when services growth has slowed. On top of this, China's corporate debt burden is high, with the recent economic stimulus injected into the economy (in the form of measures such as easier money supply) adding to the debt burden. This raises concerns about the sustainability of the

This year, many markets had one of their worst starts on record. By mid-year, central bank activity had propped up economic growth and commodity prices rebounded as a result. Since then, the recent UK vote to leave the European Union (EU) has sent shudders through investment markets once again. So what will happen from here? Let's look at some of the factors likely to drive your investments for the remainder of this year.

short-term rebound in markets. We can also see that many emerging market economies, such as India, Brazil, Russia and Malaysia, have significant debt burdens. This means financial sector stress is something to watch in these regions.

- **Commodity price pressures**
  While commodity prices have staged some recovery from their January lows, there is currently more than adequate supply across most commodities. This suggests we are unlikely to see further price rises in commodities. Renewed weakness is likely for iron ore in particular and this may exert some further downward pressure on the Australian dollar later this year.

Investment markets were surprised by 'Brexit' – the UK vote to leave the European Union (EU) at the end of June. We have seen falls in share markets and bond yields along with significant moves in currencies.

We came into Brexit already holding a defensive investment position supported by our concerns about the factors we have outlined above. While Brexit will intensify these pre-existing concerns, it does not itself significantly change our assessment of the global economic outlook. Longer-term implications very much depend upon any further EU member states moving to leave. This, along with the actual exit process of the UK from the EU, may take years, not months, to play out.

HOW ARE WE MANAGING YOUR INVESTMENTS?

The additional uncertainty and volatility require a keen focus on the shifting risks and return opportunities in financial markets today.

Overall we have become more defensive in our strategy - we lowered the amount we hold in growth assets and riskier investments such as shares, earlier this year. This is because the local and global economies are expanding at only a moderate pace and this is likely to have a negative impact on company profits and share prices.

We have also been concerned about the need for central banks to take unprecedented measures to boost economic growth. In Europe and Japan they currently have negative interest rates, and in the US the Federal Reserve is in the process of slowly raising rates from zero. Both of these factors are likely to depress the expected returns from bonds so we have allocated a higher than usual amount to cash to protect investors.

The Brexit vote and its implications also support our strategy of caution to growth assets but does not change it. Opportunities may emerge to shift to a somewhat less defensive strategy if growth assets continue to weaken in the weeks ahead. However, we are not at that point as yet and remain cautious as markets continue to digest the implications of the Brexit vote.

With all this uncertainty and volatility within financial markets, some investment portfolios have experienced weak returns over the past year. However, it's important to remember that superannuation is a long-term investment to achieve retirement goals, rather than an investment focused on short-term returns.

As always, your financial adviser is best placed to guide you on the right mix of assets for your personal situation.

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SOCIAL SECURITY

Will the Social Security Pension changes affect you?

The Government is making key changes to means testing for Social Security pensions (including the Age Pension), which will take effect 1 January 2017.

If you currently receive a full or part pension, or intend to retire soon, you should be aware of how the changes could impact your entitlements. There are some strategies to lessen the impact.

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PLANNING

Plan now and get ahead

Boosting your super is always a good strategy and the start of a new financial year is a great time to take stock.

Super is often the biggest source of retirement savings. There are some great strategies you can put in place today to improve your future retirement outlook.

With a new financial year beginning, it's a great time to put spare cash to work in your super fund. That's because your super is taxed at concessional (or lower) rates, leaving you more to play with when you retire.

Go online to find out more today.
anz.com/investorupdate

IS YOUR SUPER UNDER $50,000?

The 2015 **ANZ Women's Report** found that women save much less superannuation than men, with about 90 per cent of women retiring with inadequate funds.

The ANZ Women's Advice Service was created to answer your financial questions, help you reach your money goals, and get your superannuation on track, so you can start building a stronger financial future today.

We offer:

- specialist financial planners trained to support women – they can connect with you in person in your closest capital city or by phone
- free phone-based advice if your super is under $50,000
- convenient opening hours from 8am to 9pm, Monday to Friday (AEST)

Speak to your financial adviser, call the ANZ Women's Advice Service on 1800 966 269 between 8am-9pm Monday to Friday, SMS 0439 966 269 with your name for a call back or visit anz.com/women. When you call we'll have a quick chat to understand your needs and how you'd like our help, then guide you to an appropriate adviser.

Terms and conditions: ANZ's service to enable persons with less than $50,000 in super to receive superannuation and personal risk insurance advice for no charge is subject to the following terms and conditions: **1**. The Service is only available to persons in Australia who are at least 18 years of age, who have less than $50,000 in total in Australian superannuation account balances at the time of taking up the service, includes phone-based superannuation and personal risk insurance advice only and does not include advice in respect of self-managed super funds. Non ANZ customers will need to complete ANZ's standard customer identification process at any ANZ branch before proceeding with advice. **2**. The Service includes a waiver on the Adviser Service Fee and implementation fees in respect of the superannuation and personal risk insurance advice given in the Service. The Service is provided over the phone and includes initial consultations with an ANZ women's specialist financial planner, provision of a Statement of Advice and implementation of the relevant advice (where required). Product fees and insurance premiums may be incurred as a result of implementation. Ongoing advice is not included in the Service. **3**. The Service can only be accessed via the ANZ Women's Concierge enquiry form (anz.com/women), call back request via text (SMS to 0439 966 269) or by calling 1800 966 269 (1800 WOMANZ). **4**. There will be no up front or ongoing commissions paid to ANZ or its financial planners in respect of any personal risk insurance advice provided as part of this Service. **5**. ANZ may withdraw this offer at anytime.

THE BIG CHANGES IN THE FEDERAL BUDGET

As the Australian population ages, key issues around preparedness for retirement have become more important than ever.

Superannuation is the big focus of the Government's 2016-17 budget. It proposes to introduce a raft of changes it claims will refocus super on supporting those at risk of relying on the age pension. The proposed measures apply from 1 July 2017 unless otherwise stated.

In delivering the budget, Treasurer Scott Morrison identified tax concessions for the wealthy were his target, but said "96 per cent of Australians with super will be unaffected by or be better off as a result of the superannuation changes we have announced".

These proposals need to successfully pass through Parliament before becoming law and may be subject to change during this process.

KEY CHANGES

Super contributions receiving tax concessions will be limited to $25,000 a year. If you want to contribute any more than that penalties will apply. (For those aged under 50 this is currently $30,000 and $35,000 for those aged 50 and over.) Over a lifetime, the government will limit non-concessional contributions to $500,000, a big adjustment from the current limit of $180,000 a year (or $540,000 for those able to use the bring-forward rule). Non-concessional means after-tax contributions to super that are not taxed in the super fund.

If passed into legislation, this new limit takes effect from 3 May 2016, taking into account non-concessional contributions made since 1 July 2007.

Restrictions on who can make personal deductible contributions to super have been eased. Anyone up to 75 years of age can now claim income-tax deductions for their personal super contributions, though the concessional limit of $25,000 still applies. This is particularly helpful for those who can't use salary-sacrifice arrangements.

HIGH-INCOME EARNERS

High-income earners have been impacted by super tax concession limits and a general curbing on contributions into superannuation.

The threshold at which high-income earners pay 30 per cent tax on super contributions will be lowered from $300,000 to $250,000. This change will limit the tax concessions provided to high-income earners.

Of the super that is accumulated, the amount that can be moved into tax-free retirement-phase accounts has been capped at $1.6 million. This will limit the extent to which the tax-free benefits of retirement phase accounts can be used by high-wealth individuals.

Earnings from assets that support 'transition-to-retirement income streams' will no longer be tax exempt from 1 July 2017.

LOW-INCOME EARNERS

Low-income earners will benefit from a superannuation tax offset. Those earning $37,000 or less who make concessional contributions to their super will receive a tax benefit capped at $500 to offset the tax paid on those contributions. This will replace the low-income superannuation contribution scheme which ceases on 30 June 2017.

Similarly, more taxpayers who contribute to a low-income earning spouse's account will be eligible for the spouse contribution tax offset because of the increase in the income threshold for the low-income spouse from $10,800 to $37,000. The low-income spouse tax offset provides up to $540 each year for the contributing spouse.

LOW BALANCE

Those with a super balance less than $500,000 and who have not reached their $25,000 concessional contribution cap in previous years are able to carry forward unused amounts. Unused amounts accrued from 1 July 2017 may be carried forward on a rolling basis for a period of five consecutive years.

This will particularly help those that make lower contributions as a result of interrupted work patterns or those who cannot make uniform contributions every year.

OLDER AUSTRALIANS

Those aged 65 to 74 will not be restricted from making super contributions for their retirement, beginning 1 July 2017. They'll no longer have to satisfy a work test and will be able to receive contributions from their spouse.

For more information on the budget proposals and how they may impact you, go to www.budget.gov.au, refer to the Federal Budget 2016/17 product update at anz.com > Personal > Investing & super > Resources, and speak to your financial adviser.

IMPORTANT CHANGES AND INFORMATION

01 YOUR ANNUAL REPORT IS AVAILABLE ONLINE

In line with our ongoing commitment to reducing our impact on the environment, your Annual Report will be available online in December at anz.com > Personal > Investing & Super > Resources. If you would like to receive a hard copy (free of charge), please contact us on 13 38 63.

02 STANDARD RISK MEASURE

We have adopted the Standard Risk Measure which is based on the industry guidelines to allow investors to compare investment funds that are expected to deliver a similar number of negative annual returns over any 20-year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives.

Further, it does not take into account the impact of ongoing fees and tax on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment fund(s).

How to read an investment profile

Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

For further information refer to our website at anz.com > Personal > Investing & Super > Resources

Updated Standard Risk Measures

Option Name	Risk Band	Risk Label
Bentham Global Income	5	Medium to high
Henderson Global Fixed Interest Total Return	5	Medium to high
Kapstream Absolute Return Income	4	Medium
OnePath Active Growth	6	High
OnePath Alternatives Growth	6	High
OnePath Balanced	5	Medium to high
OnePath Conservative*	4	Medium
OnePath Global Property Securities	7	Very high
OnePath Managed Growth	6	High
OptiMix Australian Fixed Interest	4	Medium
OptiMix Balanced	6	High
OptiMix Conservative*	4	Medium
OptiMix Geared Australian Shares	7	Very high
OptiMix Moderate	5	Medium to high
OptiMix Property Securities	7	Very high
Perpetual Balanced Growth	6	High
Perpetual Conservative Growth*	4	Medium
Schroder Real Return	4	Medium
Schroder Balanced	6	High
SG Hiscock Property	7	Very high
UBS Balanced	6	High
Vanguard® Index Diversified Bond	4	Medium

* Irrespective of the fund name being 'Conservative', the Standard Risk Measure of the fund is 4. This means it has been estimated that the fund may have 2 to less than 3 negative annual returns over any 20 year period.

03 INVESTMENT MENU CHANGES

The investment options offered through ANZ OneAnswer are reviewed regularly to ensure they meet the needs of current and future investors.

As an outcome of ANZ Wealth's most recent review, we have replaced the Legg Mason Global Multi Sector Bond option with the Henderson Global Fixed Interest Total Return option at the underlying investment option level from 2 May 2016. The replacement of the underlying investment option will result in an improved ANZ OneAnswer investment menu which will continue to provide investors with access to well-rated, market-leading investment options.

Additionally, as a result of the changes, a new manager, Henderson Global Investors Funds Management Limited (Henderson) has been introduced to the ANZ OneAnswer investment menu.

Why has the underlying investment option been replaced?

The main reasons for replacing the underlying investment option include:

- the replacement underlying investment option is considered to be highly-rated with a strong track record (compared to peers over the long term)
- it is the view of our internal investment research team that the investment team of the replacement underlying investment option is more likely to deliver on their investment objective and provide stronger risk-adjusted performance over the long term
- historically, the replacement underlying investment option has demonstrated stronger risk adjusted performance compared to the previous investment option; and
- the replacement investment option broadly provides the same sector exposure to the previous investment option.

Was there any change to the investment objective or investment strategy?

Yes, updated investment profile information, including investment objective, investment strategy, asset allocation, and underlying investment fund manager are detailed on this page.

Was there any change to the investment option as a result of the underlying investment option replacement?

There is no change to the investor profile as a result of the Legg Mason Global Multi Sector Bond being replaced by the new underlying replacement option. However, the Standard Risk Measure has changed, as detailed in the table following.

ANZ OneAnswer investment option	Investor profile	Standard risk measure	Asset allocation approach
Previous – Legg Mason Global Multi Sector Bond	Moderate	4 (Medium)	Single Sector Option
Replacement – Henderson Global Fixed Interest Total Return	Moderate	5 (Medium to High)	Single Sector Option

Were there any change to Ongoing Fees following the transition of the underlying investment option?

There was no change to the Ongoing Fee for investors in the Henderson Global Fixed Interest Total Return option.

Were there any changes to the buy/sell spread costs?

The buy/sell spread costs were updated to reflect the costs of the replacement underlying investment option, and will remain within the disclosed upper limits stated in the PDSs. These costs are applicable when transacting, e.g. buying or selling units in the investment option, as shown in the table below.

Previous investment option	Buy/sell spreads	Replacement investment option	New buy/sell spreads
Legg Mason Global Multi Sector Bond	0.20%/0.20%	Henderson Global Fixed Interest Total Return	0.25%/0.25%

Were there any change to the distribution frequency – Investment Portfolio only?

Yes, there was a change to the distribution frequency as detailed in the table below. Note this applies to Investment Portfolio only.

Previous investment option	Replacement investment option	Previous distribution frequency	New distribution frequency
Legg Mason Global Multi Sector Bond	Henderson Global Fixed Interest Total Return	Half yearly	Quarterly (Last quarterly distribution was June 2016)

Were there any tax implications for investors?

There were no tax implications for investors in the Personal Super and Pension suite of products.

For investors in the Investment Portfolio suite of products there was a realisation of capital gains within the option at the time of the transition. This means that capital gains were realised at the time of the transition, and any realised profits (i.e. net capital gains) were distributed to investors after the end of the financial year.

What has the transition meant for existing investors?

- For current investors, the underlying investment was automatically transitioned to the replacement option in May.
- Investors hold similar asset class exposure following the transition.
- Investors saw no change in the number of units they hold, nor did they see a transaction appear on their account. The unit prices of the investment option have continued post transition, i.e. prices are not restarted or reset.
- Investors saw the name of their current ANZ OneAnswer investment option reflect that of the replacement option in correspondence from ANZ Wealth and in online reporting and transaction information in May 2016.

ADDITIONAL INFORMATION ON THE NEW INVESTMENT OPTION

Henderson Global Fixed Interest Total Return

Investment objective

The option seeks to achieve a positive total return with moderate volatility, through income and capital appreciation. The option aims to outperform, after fees, both:

i. The Reserve Bank of Australia Cash Rate; and

ii. Global fixed interest markets as measured by the Barclays Multiverse Index hedged in Australian dollars over rolling three year periods.

Description

The option is intended to be suitable for investors with at least a three year time horizon, who are seeking a combination of income and capital growth and are comfortable with moderate volatility.

Investment strategy

The option aims to deliver a positive total return through a combination of income and capital growth by investing in a broad range of global fixed interest asset classes. The option is managed on a benchmark-unaware basis. This gives Henderson flexibility to access a wide range of investments, manage downside risk during periods of falling markets and avoid sectors that do not offer value, irrespective of their size or weight in global fixed interest markets.

Flexible asset allocation allows the option to adapt to changing economic and market conditions, while retaining moderate volatility. Risk is managed through both bottom-up fundamental analysis of securities to assess creditworthiness and top down active asset allocation

Asset allocation

Asset class	Benchmark (%)	Range (%)
Investment grade bonds	N/A	0 – 100
High yield bonds[1]	N/A	0 – 50
Asset backed securities[2]	N/A	0 – 30
Secured bonds	N/A	0 – 30
Cash[3]	N/A	0 – 20

1 Including hybrid and convertible debt.
2 Floating rate (variable coupon) securities, including but not limited to, residential mortgage backed securities, commercial mortgage backed securities, other asset backed securities and collateralised loan obligations.
3 In exceptional circumstances, the option may temporarily hold up to 50% in cash (or cash equivalents) at discretion of the fund manager.

04 CHANGES TO THE ONEPATH ALTERNATIVES GROWTH FUND

Due to GMO – the underlying fund manager – no longer accepting additional money, we are pleased to announce that we have added two new underlying fund managers to manage the assets of the OnePath Alternatives Growth fund ('the Fund') from 25 September 2015.

Addition of new investments to complement the GMO strategy

Our investment research team regularly reviews and monitors the underlying investment managers of the investment funds we offer. Regular reviews ensure the investment funds continue to meet the needs of our current and future members. This change follows a recent review.

Who are the new underlying fund managers?

The two funds noted below were added in order to complement the existing GMO Fund and create a multi-manager alternatives fund:

- AQR Wholesale Managed Futures Fund ('AQR Fund'); and
- Man AHL Alpha (AUD) Fund ('Man AHL Fund').

Both funds implement strategies which seek to identify and exploit upward or downward trends across a broad selection of global developed and emerging markets. The funds are well rated by external research houses and have solid long-term performance track records.

What are the benefits of this change?

- We can continue to receive new money into the Fund.
- Access to a more diversified portfolio of highly rated fund managers and strategies, reducing single investment manager risk.
- Investors will benefit from the diversification offered as a result of the Man AHL and AQR managed future strategies being added to the Fund to complement the strategy of the existing GMO Fund.
- Broader exposure to the investment opportunities available in global developed and emerging markets, and sectors including equities, bonds, credit, currencies and commodities.

Fund assets will be diversified across the three underlying Funds according to what we believe is the appropriate blend.

Investors saw no change in the number of units they held, nor did they see a transaction appear in their accounts. The unit prices of the Fund continued post transition, i.e. unit prices are not restarted or reset.

Were there any costs associated with transitioning investments to the two new funds?

One of the new underlying funds has a sell spread which was factored into the unit price of the Fund at the time of the transition. The cost of this sell spread to the Fund is likely to represent less than 0.03% of the Fund's assets under management.

Was there a change to the Ongoing Fee?

There was no change to the Ongoing Fee.

Were there any changes to performance based fees?

The Fund does not pay performance fees directly. However, performance fees may be payable from the underlying investment funds to the underlying fund managers.

The following table shows the performance fees of the underlying funds:

Underlying Fund	Performance Fee (applicable to the outperformance above the benchmark)
GMO Systematic Global Macro Fund	20.055%
AQR Wholesale Managed Futures Fund	20%
Man AHL Alpha Fund	25%

Were there any changes to the buy/sell spreads?

The buy/sell spread costs were updated to reflect the costs of the new underlying investments.

Fund	Previous buy/sell	New buy/sell spread after the transition
OnePath Alternatives Growth	0% / 0%	0% buy / 0.03% sell

Revised fund profile

Investment objective – unchanged

The Fund aims to produce a portfolio that seeks to outperform the Bloomberg AusBond Bank Bill Index.

Description – unchanged

The Fund is suitable for investors seeking high total return over a medium to long term period and who are prepared to accept higher variability of returns.

Investment strategy – new

The fund is a multi-manager solution that seeks to provide returns with low correlation to equity markets by investing in a portfolio of alternative investment strategies. The underlying fund investments are managed by leading alternative investment managers that undertake Global Macro and Managed Futures strategies offering broadly diversified exposure to developed and emerging equity, bond, credit, currency and commodity markets. The multi-manager portfolio is designed to deliver more consistent returns with less risk than would be achieved if investing with a single manager. The underlying funds are:

- GMO Systematic Global Macro Trust (Global Macro)
- AQR Wholesale Managed Futures Fund (Managed Futures)
- Man AHL Alpha (AUD) Fund (Managed Futures).

Minimum time horizon – unchanged

5 years

Standard Risk Measure – changed

6 - High

Asset allocation – new

From the transition date, OnePath allocated across the GMO Fund, AQR Fund, Man AHL Fund and Cash. Investors will continue to hold the same asset class exposure (alternative investments) and OnePath will continually review the composition of the portfolio to ensure that it remains robust and meets the investment objective.

Asset class	Benchmark (%)	Range (%)
Alternative assets*	100	95–100
Cash	0	0–5

* Underlying funds may hold cash inside their portfolios.

05 NAME CHANGES FOR CAPITAL INTERNATIONAL GLOBAL EQUITIES (HEDGED)

We have been advised that the name of Capital International Global Equities (Hedged) has changed to Capital Group Global Equity (Hedged) from 2 May 2016.

Does this impact existing investors?

There is no impact to investors as a result of this change.

06 CHANGES TO STRATEGIC ASSET ALLOCATION FOR PERPETUAL FUNDS

Perpetual has advised that it has made some changes to the strategic asset allocations (SAA) of its diversified funds.

The following funds (each a 'Fund' and collectively the 'Funds') are impacted:

- Perpetual Conservative Growth
- Perpetual Balanced Growth

The changes to the strategic asset allocation of each Fund became effective on 30 September 2015.

Strategic asset allocation changes

Perpetual Conservative Growth

Asset Class	Previous^		New – effective September 2015	
	Benchmark (%)	Range (%)	Benchmark (%)	Range (%)
Cash and enhanced cash*	33	15 – 45	21	15 – 55
Fixed Income	30	15 – 55	40	15 – 55
Property	5.5	0 – 10	5.5	0 – 10
Australian shares†	11	0 – 25	13	0 – 25
International shares†	9	0 – 20	9	0 – 20
Alternative assets‡	11.5	0 – 30	11.5	0 – 30

Perpetual Balanced Growth

Asset Class	Previous^		New – effective September 2015	
	Benchmark (%)	Range (%)	Benchmark (%)	Range (%)
Cash and enhanced cash*	15	0 – 30	7	0 – 30
Fixed Income	10	0 – 35	15	0 – 35
Property	5.5	0 – 15	5.5	0 – 15
Australian shares†	27	10 – 50	30	10 – 50
International shares†	27	10 – 50	27	10 – 50
Alternative assets‡	15.5	0 – 30	15.5	0 – 30

* This fund may invest in enhanced cash funds that allow gearing.
† The fund may gain its exposure to Australian shares by investing in one or more underlying Australian share funds. Where the fund invests in the Perpetual Australian Share Fund, that underlying fund invests primarily in Australian listed or soon to be listed shares but may have up to 20% exposure to stocks outside Australia. The investment guidelines showing the fund's maximum investment in international shares do not include this potential additional exposure. Underlying Australian share funds may use short positions as part of their investment strategy. Currency hedges may be used from time to time.
‡ Perpetual may allocate up to 30% of the portfolio to other assets which may include, but is not limited to, infrastructure, mortgages (including mezzanine mortgages), private equity, opportunistic property, absolute return funds, commodities and real return strategies. Exposure to other assets aims to enhance the fund's diversification and may reduce volatility.
^ The previous benchmarks and ranges were communicated through a product update published in October 2014.

07 OPTIMIX AND ONEPATH DIVERSIFIED FUNDS: REVIEW OF ASSET RANGES

Following a recent review of the OptiMix and OnePath diversified funds' strategic asset allocation ranges, an increase in the range for diversified funds was implemented, effective 31 May 2016.

Change in the asset allocation range for the Funds

The increase in the asset allocation ranges provides an enhanced ability to add value to the Funds' portfolio through the active asset allocation process, and will also improve portfolio management efficiency. (Active asset allocation is the process of increasing or decreasing exposure to relevant asset classes within permitted strategic asset allocation ranges).

This change is to ensure the Funds can continue to meet their investment objectives and deliver more consistent returns and manage downside risks more effectively by allowing increased flexibility in making active asset allocation decisions. It will not change the Funds' investment strategies, investment objectives or level of investment risk. There will be no changes to benchmark allocations at this time.

Strategic asset allocation by fund

The revised strategic asset allocation ranges for each of the Funds is outlined in the tables below.

OptiMix Conservative

	Previous			New effective 31 May 2016		
Asset Class†	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	20	13	27	20	7	43
Australian fixed interest	18	10	25	18	5	31
International fixed interest	20	12	28	20	7	33
Global Property/ Infrastructure Securities	3	0	10	3	0	12
Australian Shares	12	5	19	12	0	25
International Shares	10	2	18	10	0	23
Alternative assets	17	5	29	17	5	29

† The maximum exposure to growth assets for the OptiMix Conservative fund is 42%. International shares may include exposure to emerging market and/or global small cap securities.

OptiMix Moderate

	Previous			New effective 31 May 2016		
Asset Class†	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	8	0	16	8	0	31
Australian fixed interest	14	6	22	14	0	32
International fixed interest	17	9	25	17	0	35
Global Property/ Infrastructure Securities	3	0	11	3	0	12
Australian Shares	20	12	28	20	2	38
International Shares	19	10	28	19	1	37
Alternative assets	19	5	33	19	5	33

† The maximum exposure to growth assets for the OptiMix Moderate fund is 64%. International shares may include exposure to emerging market and/or global small cap securities.

OptiMix Balanced

	Previous			New effective 31 May 2016		
Asset Class†	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	4	0	12	4	0	27
Australian fixed interest	8	0	16	8	0	31
International fixed interest	9	1	17	9	0	32
Global Property/ Infrastructure Securities	3	0	12	3	0	12
Australian Shares	29	20	38	29	6	52
International Shares	27	18	36	27	4	50
Alternative assets	20	6	34	20	6	34

† The maximum exposure to growth assets for the OptiMix Balanced fund is 84%. International shares may include exposure to emerging market and/or global small cap securities.

OptiMix Growth

	Previous			New effective 31 May 2016		
Asset Class†	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	0	0	9	0	0	23
Australian fixed interest	4	0	13	4	0	27
International fixed interest	6	0	14	6	0	29
Global Property/ Infrastructure Securities	3	0	12	3	0	12
Australian Shares	35	26	44	35	12	58
International Shares	34	24	44	34	11	57
Alternative assets	18	4	33	18	4	33

† International shares may include exposure to emerging market and/or global small cap securities.

OptiMix High Growth

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	0	0	9	0	0	23
Australian fixed interest	0	0	9	0	0	23
International fixed interest	0	0	9	0	0	23
Global Property/ Infrastructure Securities	3	0	13	3	0	12
Australian Shares	43	33	53	43	20	66
International Shares	42	31	53	42	19	65
Alternative assets	12	3	28	12	3	28

† International shares may include exposure to emerging market and/or global small cap securities.

OnePath Conservative

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	20	13	27	20	7	43
Australian fixed interest	18	10	26	18	5	31
International fixed interest	20	12	28	20	7	33
Global Property/ Infrastructure Securities	3	0	10	3	0	12
Australian Shares	12	5	19	12	0	25
International Shares	10	2	18	10	0	23
Alternative assets	17	5	29	17	5	29

† The maximum exposure to growth assets for the OnePath Conservative fund is 42%. International equities may include exposure to emerging market and/or global small cap securities.

OnePath Balanced

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	8	0	16	8	0	31
Australian fixed interest	14	5	23	14	0	32
International fixed interest	17	8	26	17	0	35
Global Property/ Infrastructure Securities	3	0	11	3	0	12
Australian Shares	20	12	28	20	2	38
International Shares	19	10	28	19	1	37
Alternative assets	19	5	33	19	5	34

† The maximum exposure to growth assets for the OnePath Balanced fund is 64%. International shares may include exposure to emerging market and/or global small cap securities.

OnePath Managed Growth

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	4	0	12	4	0	27
Australian fixed interest	8	0	17	8	0	31
International fixed interest	9	0	18	9	0	32
Global Property/ Infrastructure Securities	3	0	12	3	0	12
Australian Shares	29	20	38	29	6	52
International Shares	27	18	36	27	4	50
Alternative assets	20	6	34	20	6	33

† The maximum exposure to growth assets for the OnePath Managed Growth fund is 84%. International shares may include exposure to emerging market and/or global small cap securities.

OnePath High Growth

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	0	0	9	0	0	23
Australian fixed interest	0	0	9	0	0	23
International fixed interest	0	0	9	0	0	23
Global Property/ Infrastructure Securities	3	0	13	3	0	12
Australian Shares	43	33	53	43	20	66
International Shares	42	32	52	42	19	65
Alternative assets	12	3	28	12	3	28

† International equities may include exposure to emerging market and/or global small cap securities.

OnePath Active Growth

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	n/a	0	50	n/a	0	45
Australian fixed interest	n/a	0	50	n/a	0	50
International fixed interest	n/a	0	50	n/a	0	50
Global Property/ Infrastructure Securities	n/a	0	20	n/a	0	20
Australian Shares	n/a	0	80	n/a	0	70
International Shares	n/a	0	40	n/a	0	70
Alternative assets	n/a	0	12	n/a	0	31

† International equities may include exposure to emerging market and/or global small cap securities.

08 CHANGES TO INVESTMENT STRUCTURE FOR VANGUARD FUNDS

The Vanguard investment funds offered through ANZ OneAnswer are now invested in direct assets with asset management instructions to come from Vanguard. This is in place of units purchased in the externally operated Vanguard unit trusts.

The change in structure occurred in late April 2016.

Which ANZ OneAnswer investment funds were impacted?

- Vanguard® Australian Shares Index
- Vanguard® International Shares Index (Hedged)
- Vanguard® International Shares Index (unhedged)
- Vanguard® Property Securities Index
- Vanguard® Diversified Bond Index
- Vanguard® Conservative Index
- Vanguard® Balanced Index
- Vanguard® Growth Index
- Vanguard® High Growth Index.

What is the benefit of the new structure?

The new structure will result in greater efficiency and lead to service improvements for investors. For example, unit prices will be made available within one day instead of two days. Faster unit pricing means we can process transactions and distributions of income and capital faster for investors.

Were there any changes to the investment fund names?

No, there were no changes to the investment fund names.

Were there any changes to the investment objectives or investment strategies?

There was a small adjustment to the cash range within the diversified funds. There are no other changes to the investment objectives or strategies.

Were there any changes to Ongoing Fees?

There was no change to Ongoing Fees for investors.

Were there any changes to buy/sell spreads (transaction costs)?

The buy/sell spreads have been updated to reflect the expected costs of the new underlying portfolios. These costs are applicable when transacting, e.g. buying or selling units. In the event that they change, they will remain within the disclosed upper limits stated in the PDS.

Please refer to the ANZ website at anz.com > Personal > Investing & Super > Resources for up to date buy/sell spreads.

Were there any costs associated with the restructure?

Transition costs such as brokerage, stamp duty and buy/sell spreads were incurred at the time of the change, however, all costs were borne by us. No costs were borne by either the Funds or the investors.

Were there any tax implications for the investors as a result of the restructure?

As there was a disposal of the current units in the externally operated Vanguard unit trusts, most capital gains were realised within most of the Funds. This is due to strong investment market performance and the fact that the Funds are managed on an index basis, meaning there is limited turnover of assets.

For members of superannuation and pension products there are no implications from a tax perspective.

For ANZ OneAnswer Investment Portfolio, capital gains (if any) will be distributed to investors effective 4 May 2016. Capital gains are generally taxable in the hands of the investor at their marginal tax rate.

09 UBS NAME CHANGE

UBS Global Asset Management have changed the name of their business division to UBS Asset Management. The name of the responsible entity has correspondingly changed from UBS Global Asset Management (Australia) Ltd to UBS Asset Management (Australia) Ltd.

There is no impact to existing investors as a result of the UBS name change.

10 TERMINAL MEDICAL CONDITION

The following investment and regulatory information is relevant for members with a super account or a pension account with preserved or restricted non-preserved benefits.

Early access to superannuation for people with terminal medical condition from 1 July 2015

The Government has amended the provision for accessing superannuation for people suffering a terminal medical condition. This amendment will extend the life expectancy period from 12 months to 24 months.

Possible implications to consider

If you have failed to obtain the required medical certification to meet the terminal illness definition due to the restrictions of the 12 month rule, consider obtaining new medical certification. Whilst the change will allow earlier access to your super it may not provide earlier access to any terminal illness insurance benefits as part of your super.

If you have insurance within your super, it is important to understand the terms and conditions. Consider maintaining some money in your super account to keep the account open and to pay insurance premiums. Withdrawing your full balance could result in the loss of valuable insurance cover.

11 ANZ ONEANSWER INSURANCE UPDATE

From 2 May 2016, we no longer offer new Death only and Death and Total and Permanent Disablement (TPD) cover via the Basic and Customised insurance options. However, you can continue to apply for new insurance cover through the fully featured, award-winning OneCare Super.

OneCare Super allows you to tax effectively pay your insurance premiums from your ANZ OneAnswer Personal Super account. OneCare Super is designed to provide comprehensive and flexible protection with a range of cover including Life (also known as 'Death'), TPD, Income Secure and Extra Care cover.

For more information about OneCare Super please refer to the OneCare Product Disclosure Statement available at onepath.com.au or speak to your financial adviser.

What do you need to do?

If you are considering taking out insurance cover, we recommend that you speak to your financial adviser who can provide advice based on your personal circumstances.

If you already have insurance cover via our Basic or Customised insurance options, your cover is not affected. We will continue to administer your insurance cover for you after the date of the change. You can continue to apply to increase or change your cover in accordance with the terms of the policy.

12 UPDATES TO YOUR DUTY OF DISCLOSURE

The information relating to insurance contained in this document is provided for summary purposes only. Please refer to your PDS for details of insurance cover. To the extent of any inconsistency with the relevant insurance policies, the terms and conditions of the policies will prevail.

The *Insurance Contracts Amendment Act 2013* (Cth) has amended the *Insurance Contracts Act 1984* (Cth) as it relates to an insured's 'Duty of Disclosure' to an insurer.

What is the new Duty of Disclosure?

Duty of disclosure

The Trustee who enters into a life insurance contract in respect of your life has a duty, before entering into the contract, to tell the insurer anything that it knows, or could reasonably be expected to know, may affect the Insurer's decision to provide the insurance and on what terms.

The Trustee has this duty until the Insurer agrees to provide the insurance.

The Trustee has the same duty before they extend, vary or reinstate the contract.

The Trustee does not need to tell the Insurer anything that:

- reduces the risk the Insurer insures you for; or
- is of common knowledge; or
- the Insurer knows or should know as an Insurer, or
- the Insurer waives your duty to tell the Insurer about.

You must disclose relevant information

You must tell the Insurer, anything you know, or could reasonably be expected to know, that may affect the Insurer's decision to provide the insurance and on what terms.

If you do not do so, this may be treated as a failure by the Trustee to tell the Insurer something that the Trustee must tell the Insurer.

If you provide relevant information to the Trustee rather than the Insurer, the Trustee will provide the information you give the Trustee to the Insurer. The Trustee will do this so that you comply with your obligation to provide relevant information to the Insurer.

If you do not tell the Insurer something

In exercising the following rights, the Insurer may consider whether different types of cover can constitute separate contracts of life insurance. If they do, the Insurer may apply the following rights separately to each type of cover.

If the Trustee does not tell the Insurer anything the Trustee is required to, and the Insurer would not have provided the insurance or entered into the same contract with the Trustee if the Trustee had told the Insurer, the Insurer may avoid the contract within three years of entering into it.

If the Insurer chooses not to avoid the contract, the Insurer may, at any time, reduce the amount of insurance provided. This would be worked out using a formula that takes into account the premium that would have been payable if the Trustee had told the Insurer everything it should have. However, if the contract provides cover on death, the Insurer may only exercise this right within three years of entering into the contract.

If the Insurer chooses not to avoid the contract or reduce the amount of insurance provided, the Insurer may, at any time vary the contract in a way that places the Insurer in the same position it would have been in if the Trustee had told the Insurer everything it should have. However this right does not apply if the contract provides cover on death.

If the failure to tell the Insurer is fraudulent, the Insurer may refuse to pay a claim and treat the contract as if it never existed.

What do I need to do?

If you submit an application for new insurance cover or you make an alteration to existing insurance cover, you will need to ensure you disclose all relevant information to the Trustee and the Insurer on your application in accordance with the 'Duty of Disclosure' section.

13 ANNUAL AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY (APRA) LEVY AND STRONGER SUPER LEVY

APRA Levy

In 2013, we notified you that the Federal Government increased the APRA Levy paid each year by all APRA regulated superannuation funds and that this would be recovered on an annual basis. We wish to notify you that OnePath Custodians Pty Limited (Trustee) have recovered this year's Levy. This was applied as an asset-based levy of 0.01% against the investments of the OnePath MasterFund in the 2015/16 financial year. The total amount recovered was not more than the actual Government charged APRA Levy for 2015/16.

The amount of the APRA Levy recovers the general operational costs of APRA, as well as some of the costs associated with implementing the Government's 'SuperStream' reforms. As you may be aware, the SuperStream reforms are designed to support the superannuation system to operate more efficiently for the benefit of members.

The APRA Levy is an expense to the OnePath MasterFund and is applied each year. The component of the APRA Levy related to SuperStream will cease in 2018.

Stronger Super Levy

To cover some of the costs incurred to comply with the Government's 'Stronger Super' reforms and consistent with the approach taken by many superannuation funds across the industry, the Trustee has also approved an asset-based levy of 0.03% to be applied against the investments of the OnePath MasterFund in the 2015/16 financial year.

The Stronger Super Levy is an expense to the OnePath MasterFund and is applied each year.

What does this mean for you?

The Trustee recovers the APRA Levy and Stronger Super Levy by deducting the levies from the unit price of each investment option (excluding cash and term deposits which do not have a unit price).

The recovery for the year ending 30 June 2016 occurred on 9 June 2016. The total impact of both levies on members was 0.04% of the value of the unitised investment options. For example, a member with a balance of $50,000 paid less than $20.00.

The APRA Levy and Stronger Super Levy for future years will continue to be assessed, communicated and if applicable, charged annually.

What do you need to do?

The Levy and unit price adjustment took place automatically. This notice is for your information only and does not require a response.

14 EMPLOYER CONTRIBUTION OBLIGATIONS FOR SUPERSTREAM COMPLIANCE

SuperStream is a government reform aimed at improving the efficiency of the superannuation system. As part of the SuperStream reforms, employers must make super contributions on behalf of their employees by submitting data and payments electronically in a consistent and simplified manner prescribed by the Australian Tax Office (ATO).

When does your employer have to start using SuperStream?

All large to medium-sized employers (with 20 or more employees) were required meet their SuperStream obligations from 31 October 2015. Small employers (fewer than 20 members) are required to comply from 31 October 2016.

What does this mean for you?

SuperStream is a significant benefit for employers and their employees as it simplifies the employer super contribution experience by streamlining how payments can be made. Your employer should liaise directly with the ATO in relation to the specific requirements.

What do you need to do?

You do not need to do anything, the obligation for compliance is with your employer, however payments received by employers that do not comply with SuperStream obligations may be rejected.

15 ARE YOUR CONTACT DETAILS UP TO DATE? IT'S IMPORTANT TO STAY IN TOUCH!

For superannuation accounts, if you are under age 65 and we do not have contact details for you, or you have not contacted us during the last 12 months, **we may be required to close your account** and pay it to the ATO, if your balance is under the legislated threshold. The threshold is $$4000 from 31 December 2015, or $6000 from 31 December 2016. Once this happens, you will lose any insurance associated with the account, and will need to contact the ATO about payment options. Although you can request the monies be re-directed to OnePath, this would generally require a new account to be set up, which is not available for all products, and would have pre-existing conditions limitations on any insurance. Because we don't have your contact details, **you will not be provided with prior notification** of this happening, or confirmation from us that it has happened. However, you will be able to see the amount as Unclaimed Monies by logging on to MyGov.

If you have not provided your phone number or email address, you can do so via Investor Access, or by calling or emailing us.

16 ANNUAL STATEMENTS FOR SUPER – ADDITIONAL EXPLANATORY NOTES

The following explanatory notes are to be read together with your 2016 Annual Statement for your super account. If you have any further questions about your Annual Statement, please speak to your financial adviser or call Customer Services on 13 38 63.

Contributions tax

Contributions tax of 15% will apply to any contributions that you claim as a personal tax deduction (subject to a valid 'Notice of intent to claim a tax deduction' form) or contributions made by your employer (including salary sacrifice contributions).

In calculating the amount of tax payable we may make allowance for deductions available to the fund on transactions such as the payment of insurance premiums.

If you are claiming a tax deduction for personal contributions that you made in the Annual Statement period, the related contributions tax will only appear in the Annual Statement if we received your 'Notice of intent to claim a tax deduction for ' form by the date requested and the notice has been acknowledged by the Trustee.

Tax at a rate of 15% also applies to the untaxed element of a roll-over superannuation benefit and certain foreign super fund transfers. The tax payable is shown on your Annual Statement.

Additional tax for high income earners (Division 293 tax)

An additional 15% tax may apply to certain concessional contributions if your adjusted taxable income exceeds $300,000. For further information please visit www.ato.gov.au or speak to your adviser.

Preservation status

Unrestricted Non-Preserved Benefit is the amount of the withdrawal benefit at the close of the reporting period that you can access at any time.

Restricted Non-Preserved Benefit is the amount of the withdrawal benefit at the close of the reporting period that you can access, if you leave an employer who has contributed to this fund on your behalf, or when preserved benefits are payable.

Preserved Benefit is the amount of withdrawal benefit at the close of the reporting period required to be preserved by the Trust Deed and super legislation governing your benefits. Generally, you cannot access this amount until age 65, or once you have reached your preservation age (between age 55 and 60, depending on your date of birth) and you have retired.

The total of the preservation components is net of withdrawal fees and contributions tax payable on contributions that were made up to the end of the reporting period. Please note: where no-TFN contributions tax is payable, the total of the preservation components will differ to the withdrawal amount as no-TFN contributions tax payable is deducted from the withdrawal amount and not from the preservation components.

Super Guarantee (SG) Allocation

The Super Guarantee Allocation is the amount of employee entitlement paid by the Australian Taxation Office (ATO) representing a superannuation guarantee shortfall and any interest for the shortfall. This amount includes the 9.5% (for 2015/16) obligation and any interest earned. The Super Guarantee Allocation may appear on your Annual Statement as either an addition or deduction. An addition represents a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid Super Guarantee Allocation by the ATO. This Super Guarantee Allocation amount is determined by the ATO, so you should speak to your financial adviser or contact the ATO in relation to the amount paid.

Government contribution

Government contributions can include Government co-contribution and Low Income Super Contribution (LISC). The Government co-contribution is an incentive from the Australian Government designed to assist eligible individuals to save for their retirement. If you are working, your income is less than $50,454 p.a. for 2015/16, or $51,021 p.a. for 2016/17, and you make personal contributions to super you may be eligible for a Government co-contribution. The maximum co-contribution is $500 and reduces once your income exceeds $35,454 for 2015/16 and $36,021 for 2016/17. The ATO will pay 50 cents for every dollar of personal non-concessional contributions up to your maximum entitlement. Additional criteria must be satisfied to be eligible for the Government co-contribution.

The Low Income Super Contribution (LISC) effectively returns any tax paid (up to $500) on concessional contributions made in a financial year for a low income earner (an individual with an adjusted taxable income of $37,000 or less in an income year).

The co-contribution may appear on your statement as either an addition or deduction. An addition represents a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid co-contribution by the ATO. Conditions apply, so you should speak to your financial adviser or contact the ATO in relation to the amount paid.

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Contact us
Customer Services 13 38 63 customer@onepath.com.au

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This information is current as at July 2016 but may be subject to change. You should read the relevant FSG, PDS, Additional Information Guide (AIG), Investment Funds Guide (IFG), and product and other updates available at onepath.com.au and consider whether the product is right for you before making a decision to acquire or continue to hold the product. Alternatively you can request a copy of this information free of charge by calling Customer Services on 13 38 63. Taxation law is complex and this information has been prepared as a guide only and does not represent taxation advice. Please see your tax adviser for independent taxation advice.

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In addition to their salary, ANZ staff members may receive monetary or non-monetary benefits depending on the product they are selling or providing advice on. You may request further information from ANZ. Other key features including insurance, available investment options and performance, exit fees and functionality are relevant when choosing a super fund.

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