

IMPORTANT INFORMATION AND UPDATES

I. REGULATORY

1.1 PROTECTING YOUR SUPER MEASURES INTRODUCED FROM 1 JULY 2019

The Federal Government's Protecting Your Super package came into effect on 1 July 2019. The new package is designed to protect super account balances from unnecessary erosion by fees and insurance costs.

Changes affecting insurance cover

- If your super account is classified as inactive, that is an amount is not received in your account for a continuous 16 month period, your insurance cover in your ANZ Smart Choice Super account will be cancelled.
- If this is the case, you will be notified in writing that your cover is at risk of being cancelled. You must complete and return an Opt-in nomination form if you want to retain your insurance cover, even if you are not contributing to your account.
- If your insurance cover is cancelled due to having an inactive super account, you may have the option to reinstate your cover under the conditions detailed in the letter advising you of the cancellation.

Before making a decision about your insurance cover, we encourage you to speak to your financial adviser to determine if your insurance cover is still appropriate for you.

Note, cancellations as a result of these regulatory changes will occur on or after 1 July, so your annual statement will still show an insured benefit as at 30 June even if your insurance cover is subsequently cancelled after that date.

Changes to fees and costs

- Super accounts with small balances (less than \$6,000) will now have their administration and investment fees capped at no more than 3% of the account balance per annum. This means that if your account balance is less than \$6,000 at the end of the next financial year, and the total investment and administration fees (less fee rebates) charged to your account exceeds 3% of that balance, then the excess above 3% will be refunded. This also applies to accounts of less than \$6,000 that are closed during the year.
- Exit fees, including fees for full and partial withdrawals are no longer applicable to ANZ Smart Choice Super accounts. This change was implemented on 1 July 2019. If your insurance has been cancelled due to inactivity your insurance fees for the year commencing 1 July 2019 will be displayed as \$0.00.

Transfer of inactive low-balance accounts to the Australian Taxation Office

- If your account was or becomes inactive for 16 months and the balance is less than \$6,000, we are required to transfer your account to the Australian Taxation Office (ATO).
- The ATO will then try to transfer the money into an active super account, if you have one.

There are a few ways that you can prevent your account from becoming an inactive low-balance account, including:

- make a contribution or have your employer contribute to your account,
- change your insurance, check your details and advise us of any changes,
- nominate a valid beneficiary, or
- combine your super accounts so your balance is \$6,000 or more.

1.2 INSURANCE IN SUPER: VOLUNTARY CODE OF PRACTICE

We want to help you better understand and manage the insurance cover available to you through your super. That's why we were one of the first Retail superannuation funds to opt-in to the Insurance in Superannuation Voluntary Code of Practice (the Code), which started on 1 July 2018. The Code will fully come into force by 30 June 2021. You can track our path to fully adopting the Code by viewing our Transition Plan and annual Code Compliance Report available at anz.com

The Code aims to provide greater understanding, transparency and consistency in the delivery of members' benefits and insurance cover. The new standards will also provide members with better information in relation to their insurance arrangement through simplified disclosure and improved member communications. Importantly, the Code aims to ensure that insurance fees do not unnecessarily erode retirement savings.

2. INSURANCE

2.1 ARE YOU INSURED CORRECTLY?

This information is only applicable to members of ANZ Smart Choice Super for employers and their employees.

It's important that we have your correct occupational category on record, so you pay the right amount for your insurance cover.

We use occupational categories to determine insurance eligibility and insurance fees, so it's important that yours is correct. Your employer will generally advise us of your occupational category when you join. The Trustee relies on information provided by your employer about you at the time that you join ANZ Smart Choice Super for employers and their employees, including the appropriate category of membership, as well as changes in your information over the course of your membership, for example changes in salary. Some of the information your employer provides may determine your benefits according to your eligibility. Where any information is found to be inaccurate, the Trustee will not be responsible for the inaccuracy or any reliance on it. Inaccurate information may result in eligibility being denied or benefits being declined.

If you or your employer have not provided us with the correct occupation details, or you have not previously provided your occupation, you may have been classified as 'Standard collar' and may be paying more for your insurance cover.

Remember to let us know of any changes to your occupation to ensure you're still in the correct occupational category. In particular, if you are leaving a Tailored insurance arrangement where previously your occupational category may not have been relevant, as it may impact your insurance fees.

Your occupational category is shown on your Annual Statement, alternatively call Customer Services on 13 12 87 to check or make any changes to your occupational category we have on record.

2.2 WHAT HAPPENS TO YOUR INSURANCE COVER WHEN YOU LEAVE YOUR EMPLOYER?

If your insurance cover is provided by an insurer other than OnePath Life Limited (OPL), your cover will not automatically continue upon leaving your employer.

If you would like your cover to continue:

- you may need to apply for the Continuation Option, if available (which may apply only to some types of cover provided through your employer plan), and
- apply within the time specified by the life insurer – generally within 60 days of your employment ceasing, or
- you can apply for new cover with OnePath Life Limited.

If you leave your employer and you were a member of a Tailored insurance arrangement with OnePath Life Limited.

If your employer notifies us that you have left employment with them, your account will no longer be linked to your employer and any Default and Voluntary cover will be converted to a fixed amount of Choose your Own cover. The amount of Choose Your Own cover will be equal to the amount of Default cover plus any Voluntary cover you held at the time of ceasing employment. From then, your insurance fees will be calculated in line with the Choose Your Own cover basis. We will write to you, outlining the details of your new cover. It's also important that you let us know your occupation once you have ceased employment.

If you leave your employer and you were a member of a Standard insurance arrangement with OnePath Life Limited.

If your employer notifies us that you have left their employment, your account will no longer be linked to your employer and any Lifestage or Choose Your Own cover you hold will continue from the date you are transferred out of the employer arrangement (i.e. delinked from the employer plan). From then, your insurance fees will be calculated in line with either Lifestage or Choose Your Own cover, depending on the cover type you held at the time of ceasing employment. It's also important that you let us know your occupation once you have ceased employment.

For more information, please refer to the Product Disclosure Statement you received when you joined your employer's super plan or call Customer Services on 13 12 87 and we can assist you with either the appropriate form to exercise the Continuation Option, or to apply for new cover with OnePath Life.

2.3 PERSONAL CIRCUMSTANCES

Let us know when your personal circumstances change to ensure you're still insured.

Even if you continue to pay your insurance fees, a change in your personal circumstances, such as retiring permanently from the workforce or if you permanently depart from Australia, could mean that you're no longer covered. It is important to keep us informed of any changes to your personal or working circumstances to ensure you're paying the right insurance fees for your cover.

To advise us of any changes to your personal circumstances, or for further information, call Customer Services on 13 12 87.

3. GENERAL

3.1 YOUR 2019 ANNUAL REPORT

In line with our ongoing commitment to reducing our impact on the environment, your 2019 Annual Report will be available online in December at anz.com

If you would like to receive a hard copy (free of charge) please contact Customer Services on 13 12 87.

3.2 WHO ELSE CAN BENEFIT FROM YOUR SUPER?

Making a valid beneficiary nomination lets us know who gets your super when you die.

If you don't make a nomination, or your nomination becomes invalid, the trustee will decide how your super benefit will be paid after your death. For more information, refer to the relevant Additional Information Guide.

It's important to keep your beneficiaries up to date to ensure they reflect any changing circumstances in your life. You can nominate, cancel or change your nominated beneficiaries online through ANZ Internet Banking, simply click on your super account and select the 'Beneficiaries' section on the main snapshot page.

3.3 ARE YOUR CONTACT DETAILS UP TO DATE?

The ATO requires us to transfer some super balances where we have lost touch with members. If your account does get transferred to the ATO, you will no longer have an account with us and any insurance cover you have with us will stop.

You may be classified as a 'lost member' if you are under the age of 65 and:

- we have made one or more attempts to send written communications to you at your last known address, and we believe on reasonable grounds that you can no longer be contacted at any postal or email address known to us, and
- you have not contacted us (by written communication or otherwise) within the last 12 months of your membership of the Fund, and
- you have not accessed details about your account online within the last 12 months of your membership of the Fund, and we have not received a contribution or rollover from you, or on your behalf, in the last 12 months of your membership of the Fund.

If you are a member of ANZ Smart Choice Super for employers and their employees or ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees, you may additionally be classified as 'lost' through inactivity if:

- you have been a member for longer than 2 years, and
- we have not received a contribution or rollover from you, or on your behalf, in the last 5 years of your membership of the Fund.

4. INVESTMENT OPTION CHANGES

We're committed to helping you achieve your financial goals by regularly reviewing the investment menu, making sure you have access to market-leading investment options. The following section outlines changes that have been made over the past financial year.

4.1 NEW INVESTMENT MANAGERS

The following information applies to members in ANZ Smart Choice Super for employers and their employees. The Choose Your Own investment options listed below have been updated and for some, new investment managers appointed. If you were invested in one of the investment options noted in the 'Previous Choose Your Own investment option' column below, your investment is now in the 'New Choose Your Own investment option' column below.

Investment option changes

Previous Choose Your Own investment option	New Choose Your Own investment option	New investment manager	Effective
UBS Australian Shares	Alphinity Australian Shares	Alphinity Investment Management Pty Limited	August 2018
UBS Select Leaders	Alphinity Select Leaders	Alphinity Investment Management Pty Limited	August 2018
UBS Sustainable Investments – Australian Shares	Alphinity Sustainable Investments – Australian Shares	Alphinity Investment Management Pty Limited	August 2018
UBS Blue Chip Imputation	Nikko AM Blue Chip Imputation	Nikko AM Limited	August 2018
BT Smaller Companies	Pendal Smaller Companies	N/A	November 2018

WHO ARE THE INVESTMENT MANAGERS?

Alphinity Investment Management Pty Limited

ABN 12 140 833 709

Established 2010

Funds under management \$9.1 billion (as at 30 June 2018)

Alphinity Investment Management Pty Limited (Alphinity) is a boutique, active equity manager with dedicated teams managing Australian equity and Global equity strategies.

Alphinity aims to deliver consistent outperformance for its clients by investing in quality, undervalued companies with underestimated forward earnings expectations. Companies are identified through a unique partnership between detailed analyst driven fundamental research and specific targeted quantitative inputs. Alphinity maintains a consistent and disciplined process which is implemented across all its investment strategies.

Alphinity was founded in 2010 by Johan Carlberg, Andrew Martin, Bruce Smith and Stephane Andre who are still Portfolio Managers on the Australian equity strategies. The boutique structure of Alphinity creates a powerful alignment between fund managers and the objectives of their investors. Alphinity partners with Fidante Partners which allows the investment professionals to focus on investing while Fidante provides widespread support.

Nikko AM Limited

ABN 99 003 376 252

Established 1989

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

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

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

4.2 INVESTMENT FUND PROFILE CHANGES

The following information applies to members of ANZ Smart Choice Super for employers and their employees. These investment options have had changes made to their investment profiles and/or benchmark asset allocations, effective April 2019.

Arrowstreet Global Equity (Hedged)

The following has been added to the existing Arrowstreet Global Equity (Hedged) fund investment strategy.

The Arrowstreet Global Equity (Hedged) fund will not invest in 'tobacco' or 'controversial weapon' securities[^].

[^] 'Tobacco' securities as defined by Global Industry Classification Standards and 'controversial weapon' securities as defined by MSCI, Inc.

Schroder Fixed Income

Investment objective	
<p>Previous</p> <p>The fund aims to obtain exposure to a diversified range of domestic and international fixed income securities with the principal aim of outperforming the UBS Composite Bond Index over the medium term.</p>	<p>New</p> <p>The fund aims to obtain exposure to a diversified range of domestic and international fixed income securities with the principal aim of outperforming the Bloomberg AusBond Composite 0+Yr Index over the medium term.</p>
Investment strategy	
<p>Previous</p> <p>Schroder's believes an active 'Core Plus' approach can deliver stable absolute returns to investors over time. Schroder's aim to deliver the return objective for the lowest achievable risk. This is critical as they judge themselves not only on meeting the stated fund objectives but also on a 'reward-for-risk' basis. Schroder's also put a lot of emphasis on the management of tail risk which is critical especially in the current credit environment.</p>	<p>New</p> <p>Schroder's broad fixed income philosophy is underpinned by three key ideas:</p> <ul style="list-style-type: none"> Fixed income is typically held for defensive purposes. These include liquidity, capital preservation, liability management and to diversify equity risk. Investors should utilise the breadth of the fixed income universe to improve risk/return outcomes (as opposed to closely tracking arbitrary benchmarks). Volatility is not risk; Schroder's view losing money and not delivering on objectives as its core risk. <p>These key investment beliefs are encapsulated in our Schroder's Fixed Income Fund, a Core-Plus strategy which combines a low active risk 'Core' and 'Plus' strategies where opportunities to add value is present.</p> <p>The fund utilises the breadth of the opportunity set and combines asset allocation, country selection, credit risk management, stock selection, and duration/yield curve management in a combination that aims to outperform the benchmark Bloomberg AusBond Composite 0+Yr Index over the medium term whilst ensuring it remains a true defensive strategy.</p>

Asset allocation	Previous		Asset class	New	
	Benchmark (%)	Range (%)		Benchmark (%)	Range (%)
Australian bonds	50	20-100	Australian investment grade	n/a	20-100
International bonds	25	0-50	Global investment grade [*]	n/a	0-50
Australian hybrids	10	0-20	Australian high yield [^]	n/a	0-20
Emerging markets bonds	5	0-15	Global high yield ^{**}	n/a	0-20
Asian bonds (ex Japan)	5	0-15	Cash and equivalents	n/a	0-50
Cash	5	0-50			

* Maximum aggregate global exposure will not exceed 50%.

[^] Maximum aggregate exposure to high yield will not exceed 20%.

UBS Balanced

Investment objective	
<p>Previous</p> <p>This fund aims to provide a total return (after management costs) in excess of its Neutral Allocation (measured by relevant market indices), over rolling five year periods. Over a full investment cycle (usually three to five years), this Neutral Allocation displays performance characteristics of CPI plus p.a. on average.</p>	<p>New</p> <p>This fund aims to outperform (after management costs) the Benchmark over rolling five year periods. The Benchmark is based on the return of the market indices based on the Neutral Allocation to the asset classes listed under Asset Allocation. The Neutral Allocation represents the likely 6–8% expected long term average exposure of the portfolio to these various asset classes in order to meet its investment objective over a full investment cycle.</p>
Description	
<p>Previous</p> <p>The fund is suitable for investors seeking exposure to a mix of growth, income and alternative assets and who are prepared to accept some variability of returns.</p>	<p>New</p> <p>The fund is best suited to investors who seek to achieve returns from a mix of growth, income and alternative assets. Due to the inherent volatility of markets, investment returns will fluctuate and may be negative in some periods.</p>
Investment strategy	
<p>Previous</p> <p>The fund may maintain its asset allocation anywhere within the allowable range to differing asset classes consistent with the risk and return objectives indicated above. The fund normally gains its underlying security selection exposure by investing in other relevant UBS managed funds and third-party funds either directly or indirectly through a range of instruments.</p> <p>The fund may also invest directly in securities. Derivatives may also be used to gain or hedge exposure to securities, markets, asset classes and currencies. Derivative holdings may result in notional exposures that are greater than the underlying value of assets in the fund. The long term neutral (or average) to traditional growth and income assets is expected to be around 65% and 25% respectively of the total portfolio. The remaining 10% is expected to be allocated on average to various alternative asset strategies which are likely to provide a combination of both income and growth potential.</p>	<p>New</p> <p>UBS's portfolio management team will build a diversified portfolio by allocating to differing asset classes anywhere within the allowable ranges, by normally investing in other UBS managed funds, third-party funds and through a range of instruments.</p>

Asset allocation	Previous		New	
	Benchmark (%)	Range (%)	Benchmark (%)	Range (%)
Cash	5	0-30	5	0-30
Australian bonds	5	0-60	10	0-60
International bonds	10	0-60	10	0-60
Total income assets	20	0-70	25	0-70
Property securities/REITS	5	0-30	5	0-30
Australian shares	30	0-60	30	0-60
International shares	35	0-60	30	0-60
Total growth assets	70	20-95	65	20-95
Alternative strategies	10	0-20	10	0-20
Foreign currency exposure	n/a	n/a	30	0-95

UBS Defensive

Investment objective	
<p>Previous</p> <p>The fund aims to provide a total return (after management costs) in excess of its Neutral Allocation (measured by relevant market indices), over rolling five year periods. Over a full investment cycle (usually three to five years), this Neutral Allocation displays performance characteristics of CPI plus 6.5% p.a. on average.</p>	<p>New</p> <p>This fund aims to outperform (after management costs) the Benchmark over rolling five year periods. The Benchmark is based on the return of the market indices based on the Neutral Allocation to the asset classes listed under Asset Allocation. The Neutral Allocation represents the likely 4.5–expected long term average exposure of the portfolio to these various asset classes in order to meet its investment objective over a full investment cycle.</p>
Description	
<p>Previous</p> <p>The fund is suitable for investors seeking exposure to a diversified portfolio of income assets through a limited investment in growth and alternative assets and who are prepared to accept some variability of returns.</p>	<p>New</p> <p>The fund is best suited to investors who seek to achieve returns from a mix of growth, income and alternative assets. Due to the inherent volatility of markets, investment returns will fluctuate and may be negative in some periods.</p>
Investment strategy	
<p>Previous</p> <p>The fund may maintain its asset allocation anywhere within the allowable range to differing asset classes consistent with the risk and return objectives indicated above. The fund normally gains its asset sector exposure by investing in other relevant UBS managed funds and third-party funds either directly or indirectly through a range of instruments.</p> <p>The fund may also invest directly in securities.</p> <p>Derivatives may also be used to gain or hedge exposure to securities, markets, asset classes and currencies. Derivative holdings may result in notional exposures that are greater than the underlying value of assets in the fund. The long term neutral (or average) exposure to traditional growth and income assets is expected to be around 30% and 60% respectively of the total portfolio. The remaining 10% is expected to be allocated on average to various alternative asset strategies which are likely to provide a combination of both income and growth potential.</p>	<p>New</p> <p>UBS's portfolio management team will build a diversified portfolio by allocating to differing asset classes anywhere within the allowable ranges, by normally investing in other UBS managed funds, third-party funds and through a range of instruments.</p>

Asset allocation	Previous		New	
	Benchmark (%)	Range (%)	Benchmark (%)	Range (%)
Cash	5	0-50	5	0-50
Australian bonds	25	0-80	25	0-80
International bonds	30	0-80	30	0-80
Total income assets	60	30-90	60	30-90
Property securities/REITS	5	0-20	5	0-20
Australian shares	15	0-40	15	0-40
International shares	10	0-40	10	0-40
Total growth assets	30	0-50	30	0-50
Alternative strategies	10	0-20	10	0-20
Foreign currency exposure	-	-	10	0-40

Walter Scott Global Equity (Hedged)

The following has been added to the existing Walter Scott Global Equity (Hedged) fund investment strategy.

The Walter Scott Global Equity (Hedged) fund will not invest in 'tobacco' or 'controversial weapon' securities[^].

[^] 'Tobacco' securities as defined by Global Industry Classification Standards and 'controversial weapon' securities as defined by MSCI, Inc.

4.3 STANDARD RISK MEASURE

The Standard Risk Measure is based on 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 any 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

Updated Standard Risk Measure

Option Name	Risk Band	Risk Label	Change
ANZ Smart Choice 1940s	5	Medium to high	↑
ANZ Smart Choice Australian Equities	7	Very high	↑
ANZ Smart Choice Australian Fixed Interest	5	Medium to high	↑
ANZ Smart Choice Global Fixed Interest	5	Medium to high	↑
ANZ Smart Choice International Equities - (Hedged)	7	Very high	↑
ANZ Smart Choice International Equities (Unhedged)	7	Very high	↑
ANZ Smart Choice Moderate	6	High	↑
Alphinity Australian Shares	7	Very high	↑
Alphinity Select Leaders	7	Very high	↑
Alphinity Sustainable Investments - Australian Shares	7	Very high	↑
Bennelong Australian Equities	7	Very high	↑
Bentham Global Income	5	Medium to high	↓
Fidelity Australian Equities	7	Very high	↑
Merlon Australian Share Income	7	Very high	↑
Nikko AM Blue Chip Imputation	7	Very high	↑
Schroder Australian Equity	7	Very high	↑
Walter Scott Global Equity (Hedged)	7	Very high	↑

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Contact us

ANZ Smart Choice Super



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ANZ Smart Choice Super is a suite of products consisting of ANZ Smart Choice Super and Pension, ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees (together 'ANZ Smart Choice Super'). ANZ Smart Choice Super and Pension is a retail product issued pursuant to a Product Disclosure Statement (PDS). ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees are both MySuper compliant employer products issued pursuant to a separate PDS for employer plans and PDS for QBE.

ANZ Smart Choice Super is issued by OnePath Custodians Pty Limited (OnePath Custodians) ABN 12 008 508 496, AFSL 238346 and distributed by Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522. ANZ is an authorised deposit taking institution (Bank) under the *Banking Act 1959* (Cth). OnePath Custodians is the issuer of ANZ Smart Choice Super but is not a Bank. Except as set out in the relevant Product Disclosure Statement (PDS), this product is not a deposit or other liability of ANZ or its related group companies. None of them stands behind or guarantees the issuer or the capital or performance of any investment. Such investment is subject to investment risk, including possible repayment delays and loss of income and principal invested. Returns can go up and down. Past performance is not indicative of future performance.

This information is current as at August 2019 but may be subject to change. You should read the relevant Financial Services Guide (FSG), Product Disclosure Statement (PDS), Additional Information Guide (AIG), Fees Guide, and product and other updates available online and consider whether the product is right for you before making a decision to acquire, or to continue to hold the product. Alternatively you can request a copy of this information free of charge by calling Customer Services. 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. Any investment is subject to investment risk, including possible repayment delays and loss of income and principal invested. Returns can go up and down. Past performance is not indicative of future performance.

The information provided is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances or objectives.