

INVESTMENT

Big movers and little shakers

RETIREMENT

A little planning now can pay off in retirement

ONLINE

Manage your investments on the go

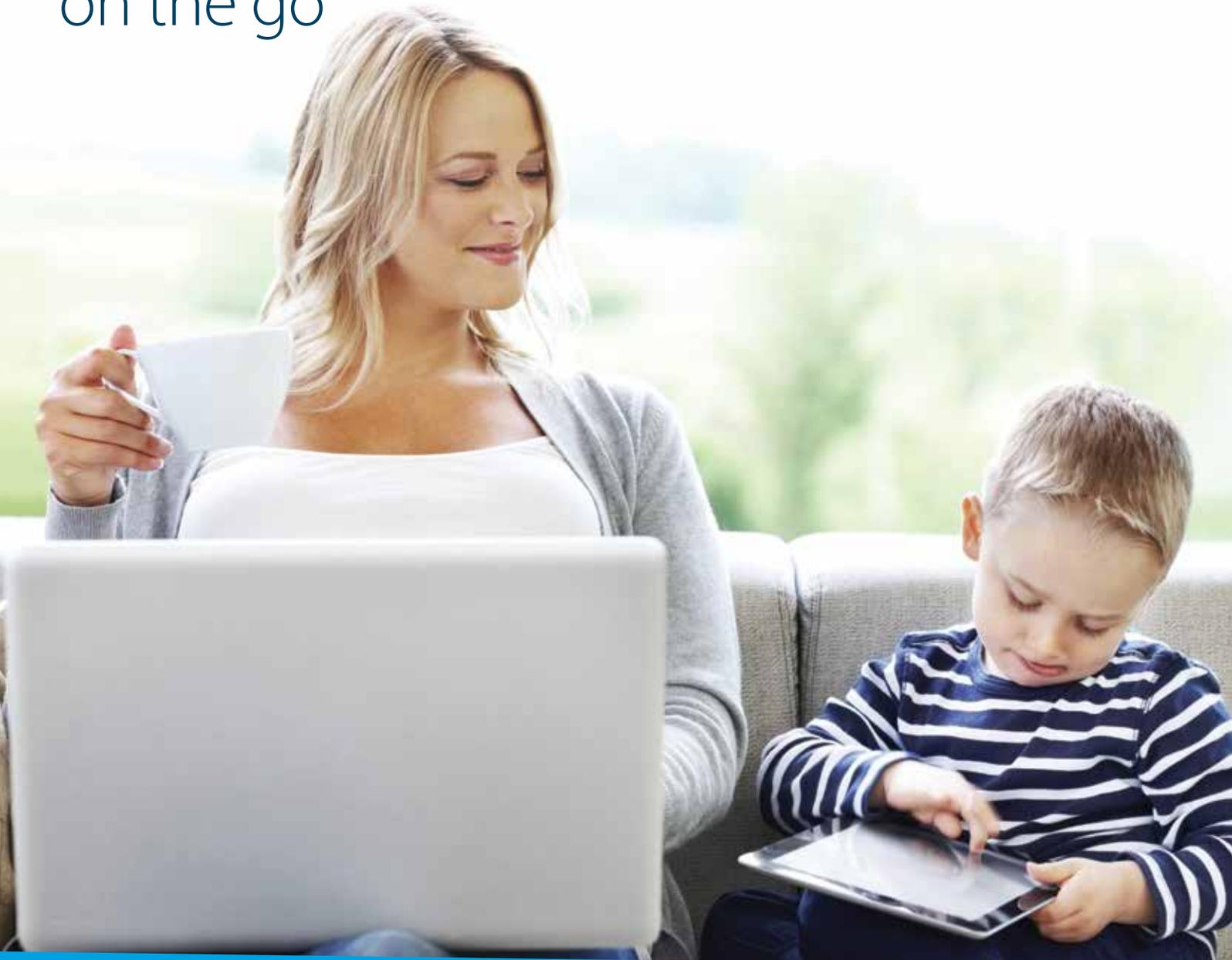
LEGISLATION

What does the Federal Budget mean for you?

investor update

June 2014

Manage your investments on the go



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For Superannuation, Retirement and Investment Members

ANZ Personal Superannuation Bond

ANZ Direct Super Investments

ANZ Allocated Pension

ANZ Traditional Policies

ANZ Savings Products

ANZ Term Life Policies



Welcome

WELCOME TO YOUR END OF FINANCIAL YEAR INVESTOR UPDATE

As a valued customer, I'd like to thank you for your ongoing support of ANZ. In this edition of Investor Update, we provide you with important information about service enhancements, we summarise the Federal Budget changes relevant to you and look at the investment horizon ahead.

Key enhancements

Over the past twelve months we have significantly enhanced our Investor Access website* and servicing portal to provide faster, easier and more comprehensive online access to client reporting, transacting and other key customer information. Feedback to date has been very positive and we look forward to continuing to make life easier for our investors and their servicing advisers. In this edition of Investor Update, we discuss some of the new functionality available and the improvements we have made to our online support tools.

* See page 8 – not available for ANZ Traditional Policies, ANZ Savings Products and ANZ Term Life Policies.

We have also strengthened our investment offerings, with a number of changes made to our investment processes, funds and menus over the past year. Our ongoing focus in this area ensures our investors continue to have convenient access to a broad range of well managed and selected investment options catering for the wide ranging needs of our diverse client base.

Investment outlook

Markets in general continue to deliver strong, positive returns for investors. In this issue ANZ Global Wealth Chief Investment Officer, Stewart Brentnall explains that despite continued good growth, volatility is likely to persist throughout calendar year 2014 as investors sensibly reappraise potential risks and rewards. He also provides his view on how the key investment sectors will fare for the rest of 2014.

Latest updates

The financial services sector continues to experience substantial change and legislative reform. ANZ continues to embrace change that provides transparency, consistency and certainty for clients. We discuss some of these changes in detail as well as some of the impacts of the Federal Government's budget.

As always, we recommend the best way to stay abreast of the changing financial services landscape and to maximise your financial future is to regularly meet with your fully licenced and appropriately credentialed financial planner. In our view the need for regular, sound financial advice is paramount and remains the key to ensuring your long-term financial goals can be achieved.

Thank you again for choosing ANZ for your super, investment and retirement needs. We look forward to managing your investments, now and into the future.

Craig Brackenrig

Managing Director
Global Pensions and Investments

“ Over the past twelve months we have significantly enhanced our Investor Access website and servicing portal...”

The strength of ANZ

ANZ operates in 33 markets globally with representation in Australia, New Zealand, Asia Pacific, Europe, America and the Middle East. ANZ provides products and services to more than 8 million retail customers worldwide and employs over 47,000 people.

ANZ aims to become a super regional bank. This involves growing in the Asia Pacific region while also remaining very focused on the business and opportunities that exist in Australia and New Zealand.

ANZ has a strong involvement in the community, leading the way with programs targeting financial literacy, indigenous inclusion, the environment, volunteering and sponsorship.

Big movers and little shakers

STEWART BRETNALL, CHIEF INVESTMENT OFFICER, ANZ GLOBAL WEALTH EXPLAINS WHY VOLATILITY IS LIKELY TO PERSIST THROUGH 2014 AS INVESTORS SENSIBLY REAPPRAISE POTENTIAL RISKS AND REWARDS.

Volatility is not always a sign of irrational investment behaviour. While investors are prone to occasionally jump at shadows, the uptick in volatility we have seen in 2014 is largely a function of a considered portfolio rebalancing by investors as the 'free-lunch' provided by central bank actions of recent years approaches its conclusion.

This began when the US Federal Reserve (Fed) started winding down the rate of new bond purchases in January, demonstrating its intention to start the long process of returning monetary policy to a more normal setting.

Three other dynamics have also been at play. The first is 'forward guidance' from the Fed and central banks in Europe and Japan that interest rates are likely to stay at their current lows for a lot longer than originally expected. Second,

inflation in the developed world has remained low and stable with little sign of acceleration. Finally, uncertainty over the growth outlook has re-emerged given recent weakness in US activity (mainly due to poor weather), geopolitical concerns in Europe and a deflating property sector in China.

These forces have combined to trigger a return of the 'search for yield', with high yielding assets, such as listed property and Australian and New Zealand dollars, highly sought after.

With markets now on a slightly more cautious footing, the potential performance difference between defensive (bonds) and growth (shares) investments has narrowed. That said, the economic backdrop still remains positive for growth assets, so let us take a look at how we think the key sectors will fare for the rest of 2014.



AUSTRALIAN SHARES

We expect improving sentiment and business conditions together with low interest rates to provide solid momentum for the rest of 2014.

INTERNATIONAL SHARES

International shares have performed solidly this year though volatility has risen. The forecast for a rise in developed economies' growth rates provides a solid platform for the sector. Our analysis shows the value of the US share index remains in line with the fundamentals despite reaching new records. We expect solid positive returns from international shares for the remainder of the year, though at a more moderate rate than 2013.

We are cautious on emerging market shares which remain under pressure from structural problems within some large countries, political tensions and deteriorating fundamentals.

INTERNATIONAL FIXED INTEREST

While bond yields initially rose in response to the US Fed trimming its asset purchases, they subsequently eased as markets come to realise that rate rises remain some time away. Global bond yields have been trading steadily in the past few months and we believe this will likely continue.

AUSTRALIAN FIXED INTEREST

The Australian bond market has moved broadly in line with global bond markets. The Reserve Bank of Australia's (RBA) shift to a neutral bias, improving fundamentals and a buoyant housing sector have seen the local bond market price in a rate rise in early 2015.

LISTED PROPERTY

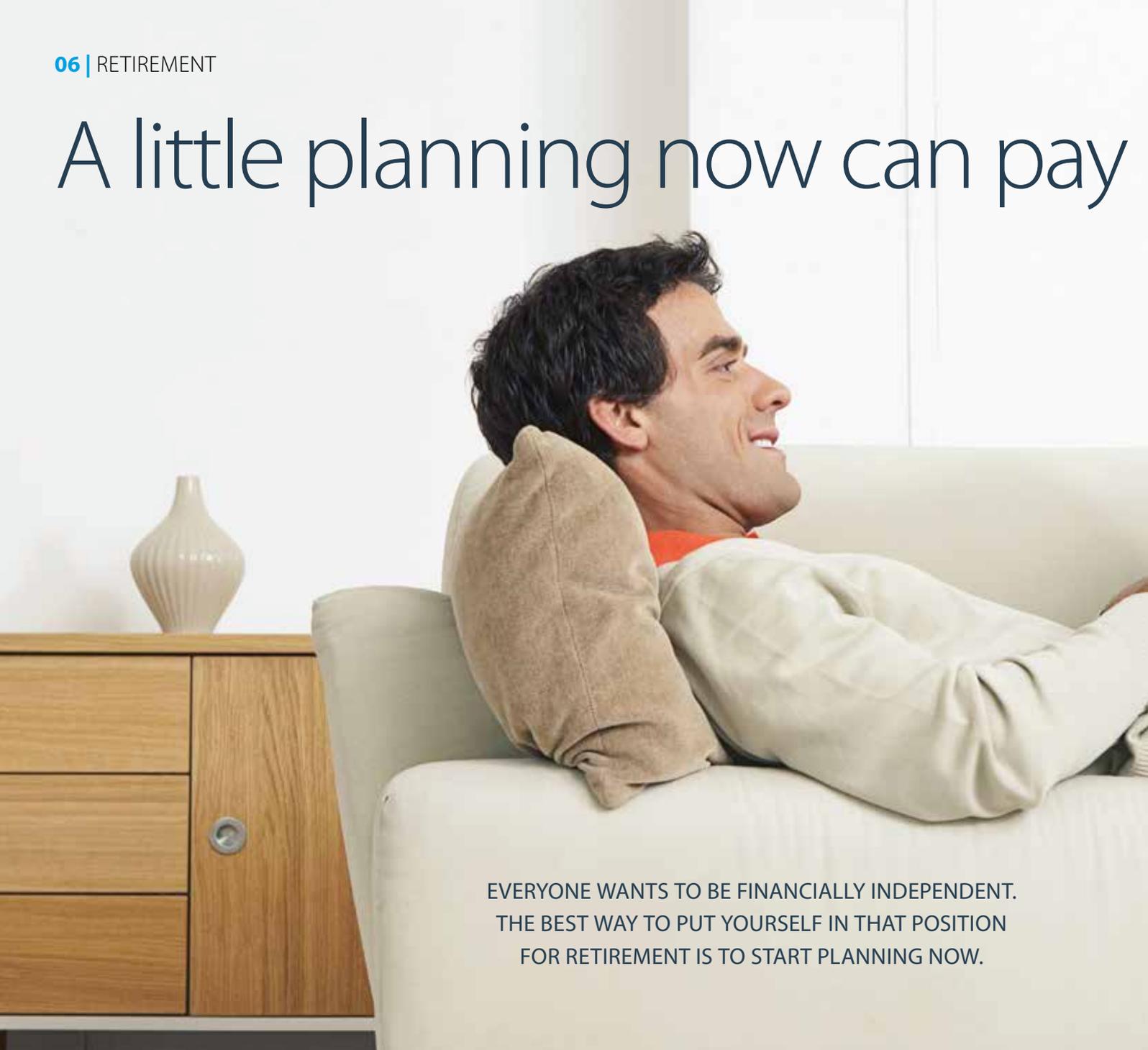
This sector has benefited in recent months from a renewed global search for higher yielding assets. We believe listed property valuations are stretched suggesting limited growth potential in the near term.

CURRENCY

After weakening in the final months of 2013, the AUD has gradually strengthened in the first quarter of 2014. While we believe the AUD is above fair value, which direction the dollar will move in, and why, will depend on the outlook for commodity prices and market expectations for interest rates. ■

For more information on how your investment options have performed, refer to your annual statement or go online to anz.com > Personal > Investing & super > Resources

A little planning now can pay



EVERYONE WANTS TO BE FINANCIALLY INDEPENDENT.
THE BEST WAY TO PUT YOURSELF IN THAT POSITION
FOR RETIREMENT IS TO START PLANNING NOW.

Could you live on \$421 per week? For many Australian households that's barely enough to cover the cost of living – including grocery shopping and a tank of petrol.

But that's what an individual who relies on the Government Age Pension is expected to live on today. For a couple, that figure is \$635 per week, or only \$318 per week each¹.

For most Australians super is generally one of the largest investments they will ever hold. It is also one of the most tax-effective ways to save for your retirement.

There are three simple strategies everyone could do today to optimise their super balance:

1 | Consolidate your super

Multiple super accounts usually means multiple sets of fees, and you may even be paying multiple life insurance premiums.

When you consolidate you'll receive only one statement, you'll know what you're paying in fees, and your super will become easier to manage. Also, with the help of your financial planner, you can ensure any life insurance policy within your super is both cost-effective and relevant to your particular needs.

In some circumstances, moving funds may have taxation, investment, exit fee and insurance implications, you should consult with your financial planner first.

off in retirement



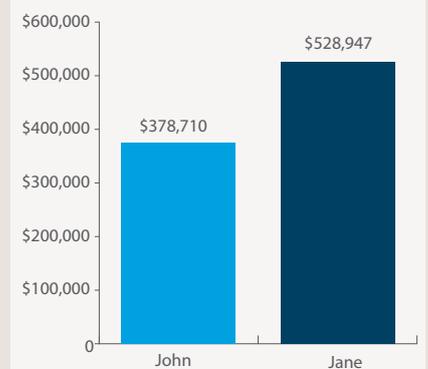
Combining your multiple super accounts and topping up could make a big difference

John, aged 35, holds three super accounts, earns \$70,000 p.a. and doesn't contribute any additional funds to his super beyond the 9.5% superannuation guarantee (SG) (\$6,650) his employer contributes.

Jane, also aged 35 and earning the same income, seeks advice and decides to combine her three super accounts and arrange for her employer to make contributions of \$50 per week (\$2,600 p.a.), via a salary sacrifice arrangement, on top of her employer's 9.5% (\$6,650 p.a.) super guarantee contributions.

In doing so, Jane's super outgrows John's super balance by more than \$150,000 over 30 years.

Super balance at age 65



Assumptions: Existing super balance of \$50,000 each. Employer and voluntary contributions increase with inflation. Annual super fees of \$600 per account. No insurance premiums are deducted from super. Annual rate of return of 6%. SG contributions increase 0.5% p.a. from 9.5% in 2014/15 until reaching 12% in 2020. It remains at 12% p.a. thereafter. The projected amounts are shown in today's dollars, assuming inflation of 3% p.a.

Other factors may also impact using this strategy. You should seek independent financial advice before undertaking a salary sacrifice arrangement.

Although the above graph is used for indicative purposes only, it still shows just how easy it could be to improve your outlook by simply combining multiple accounts and making ongoing contributions to your super.

Before re-directing your super or combining your super accounts, you will need to consider whether there are any adverse consequences for you, including exit fees, other loss of benefits (e.g. insurance cover) or increase in investment risks.

2 | Make additional contributions

It's generally recognised that the minimum amount of super your employer contributes for superannuation guarantee (SG) purposes may not be enough for most people. But you can top this up yourself by starting a regular contributions plan – like a salary sacrifice arrangement, through your employer or personal deductible contributions if you're self-employed.

The case study on this page shows the difference a salary sacrifice arrangement can make over time. But there are also immediate benefits of contributing more of your before-tax income to super.

When you arrange salary sacrifice contributions, or personal deductible contributions, generally 15% tax is paid on those contributions – which for most people is considerably lower than their

marginal tax rate. However, you need to be careful not to exceed the contributions caps, as tax consequences may apply.

3 | Seek financial advice

Another way to gain certainty over your retirement savings is to seek regular financial advice that's specific to your circumstances.

There are many strategies and concessions available to boost your super. You should know what's best for you, and how to make the most of the latest rules and entitlements available.

With the help of your financial planner, you can put the right structures in place to maximise your Age Pension entitlements and help your savings last longer. ■

¹ Payment rates for Age Pension as at 1 July 2014.
Source: Australian Government Department of Human Services.

To find out more about how you can boost your super, talk to your ANZ Financial Planner today.

Manage your investments on the go

ONLINE TECHNOLOGY IS REVOLUTIONISING THE BANKING AND THE FINANCIAL SERVICES INDUSTRY – MAKING IT FASTER AND EASIER TO STAY IN TOUCH WITH YOUR MONEY.

WE HAVE FURTHER ENHANCED OUR INVESTOR ACCESS, WEBSITE AND SERVICING PORTAL TO MAKE LIFE EASIER FOR OUR INVESTORS.

Investor Access* is ANZ's online client and adviser servicing, transacting and support website:

ANZ's Investor Access lets you monitor and manage your investments online, whenever you feel like it.

- ✓ View your account balance and fund performance
- ✓ Update your personal details.

We've also introduced a range of new features including:

EASIER ACCESS TO RICHER ACCOUNT INFORMATION

You can now access key account information including (if you have supplied) your Tax File Number, nominated beneficiaries and other details.

A COMPLETE VIEW OF YOUR INVESTMENT STRATEGY

Your 'Policy Snapshot' page has been updated so you can see your future investment strategy, regular investment/drawdown plan and pension payments details (if applicable).

MORE DETAILED TRANSACTION HISTORY

You can now filter your account transactions to make it easier to find what you're looking for, including a complete history of key transactions.

* Not available for ANZ Traditional Policies, ANZ Savings Products and ANZ Term Life Policies.

Don't have an Investor Access login?

- Go to anz.com > Personal > Investing & super
- Select the Internet Banking drop down arrow
- Select Investor Access
- Click on 'Register' to complete the process
- You'll receive your login details via email within three business days.

For any questions, please contact Customer Services on 13 38 63 (options 1, 5), weekdays between 8.30am and 6.30pm (AEST) or email customer@onepath.com.au

Combine the power of online access with regular financial advice to make the most of your investments.

ANZ can also keep your investments conveniently at your fingertips with our recently enhanced online Investor Access portal. The benefit of this is that it's now much easier to see how your super, retirement and investment funds are performing – ensuring your investments are still working for you over the long term.

RECLAIM CONTROL OVER YOUR INVESTMENTS

When you're only reading an annual statement once a year, it's hard to get a feel for what's really happening with your money during the rest of the year. So, by combining the power of online access with regular visits to your financial planner, you can ensure your investments remain on track to achieving your long-term financial goals. ■

Please contact your ANZ Financial Planner to ensure your investments are working for you. For more on your Investor Access service, please call Customer Services on 13 38 63 or email customer@onepath.com.au

What does the Federal Budget mean for you?

ANZ Personal Superannuation Bond, ANZ Direct Super Investments and ANZ Savings Products

LEGISLATED SUPERANNUATION CONTRIBUTIONS CAPS AND THRESHOLDS

CONTRIBUTIONS CAPS

You can grow your super by making additional contributions

To help you save for your retirement, the Government allows you to make additional contributions into your super.

While additional contributions can be a great way to boost your super, it's important to know the limits (or caps) that apply to before-tax and after-tax contributions and to keep an eye on your payments, as exceeding the caps may have tax consequences. See the table titled 'Updated superannuation thresholds' below.

Exceeding the Contributions Caps

Concessional contributions

Excess concessional contributions from 1 July 2013 will be included in an individual's assessable income and taxed at their marginal tax rate. An individual will be entitled to a tax offset equal to 15% of their excess concessional contributions. An interest charge also applies to accounts for the deferral of tax. Individuals can elect to withdraw up to 85% of their excess concessional contributions from their superannuation. Depending upon the amount withdrawn there may be an impact on the non-concessional contributions cap.

Non-concessional contributions

Excess non-concessional contributions may be taxed at 46.5% for 2013/14 and 49% from 2014/15.¹ Please refer to the next page for more information on the proposed superannuation changes.

Updated superannuation thresholds

Year	2013/14	2014/15
General concessional contributions cap	\$25,000	\$30,000
Temporary concessional contributions cap	\$35,000 ²	\$35,000 ³
Non-concessional contributions cap	\$150,000	\$180,000
Non-concessional contributions cap – bring forward ⁴	\$450,000	\$540,000
CGT cap contribution limit	\$1,315,000	\$1,355,000
Low rate cap	\$180,000	\$185,000
The Government co-contribution		
Maximum entitlement	\$500	\$500
Taper rate ⁵	3.33c per \$1	3.33c per \$1
Lower income threshold	\$33,516	\$34,488
Higher income threshold	\$48,516	\$49,488

¹ This includes the Temporary Budget Repair Levy that is scheduled to cease on 30 June 2017.

² Age 60 or over as at June 2014.

³ Age 50 or over as at June 2015.

⁴ The 'Bring forward amount' allows people under age 65 to 'bring forward' two years' contributions caps. This effectively creates a three year block where total non-concessional contributions cannot exceed three times the first financial year's non-concessional contributions cap. The bring forward amount is automatically triggered when contributions exceed the non-concessional contributions cap amount in a financial year.

⁵ The Taper rate determines how much the maximum co-contribution is reduced for each \$1 of total income that exceeds the lower income threshold. The maximum co-contribution completely phases out when the total income reaches the upper income threshold.

When Joe Hockey stood in front of Parliament and spoke about “fixing the Budget together”, he confirmed that the 2014/15 Federal Budget was going to be a tough one for many Australians.

In particular, “the end of the age of entitlement” could see a reduction in welfare payments and concessions to many low-to-middle income households. Also, high income earners will be asked to pay more tax over the next three years from 1 July 2014.

In terms of new spending, the two main commitments were to infrastructure and medical research, which will be funded by respective levies on petrol and doctor visits.

A major boost was also provided to businesses, with a reduction in the company tax rate from 1 July 2015.

Although most of these Budget measures are yet to be legislated, it’s always a good idea to be aware of what changes may be coming and what they might mean for you and your family. So, let’s look at the key proposed changes and how they could affect you.

WHAT ARE THE KEY BUDGET CHANGES?

Taxation changes

Temporary Budget Repair Levy applied to high-income earners

The top marginal tax rate for individual taxpayers will increase by 2% to 47% (or 49% including Medicare levy) for three years commencing 1 July 2014.

The increased top marginal tax rate will apply if you earn in excess of \$180,000 per annum. In other words, if you earn \$200,000 per year, only \$20,000 is taxed at the higher rate.

Reduction in the company tax rate

The Government has re-stated its commitment to cutting the company tax rate by 1.5% from 1 July 2015, from 30% to 28.5%.

For large companies (with income greater than \$5 million p.a.), the reduction will offset the cost of the Government’s Paid Parental Leave levy of 1.5%. This levy will not be imposed on smaller companies (with income less than \$5 million p.a.), which may help improve cash flow and profitability.

Proposed Social Security changes

Increase of Age Pension age

The Age Pension qualifying age will continue to rise by six months every two years from the qualifying age of 67 (from 1 July 2023), gradually reaching a qualifying age of 70 by 1 July 2035.

Individuals born before July 1958, will not be affected by this change. Department of Veterans’ Affairs service pension age is also not impacted.

It is also proposed that:

- eligibility thresholds for Pensions and Pension-related payments will be maintained for three years from 1 July 2017
- from 1 September 2017, indexation of Pension payments will be based on the Consumer Price Index; and
- deeming thresholds used in the pension income test to be reduced to \$30,000 for singles and \$50,000 for couples from 20 September 2017.

Deeming rules for Account Based Pensions

It has been legislated that from 1 January 2015, the social security deeming rules applying to financial investments will also apply to certain Account Based Pensions (including transition to retirement pensions) for the purposes of the social security income test. ‘Grandfathering rules’ will apply for Account Based Pensions started before 1 January 2015 that are held by existing income support recipients as at 1 January 2015. These income streams will be assessed under the existing rules, that is, the annual payment less the social security deductible amount.

Commonwealth Senior Health Card (CSHC) Program

The Government has proposed several changes to the CSHC program, including the following:

- From September 2014, the qualifying income limits for the CSHC are to be indexed to the Consumer Price Index and CSHC holders will no longer receive the Seniors Supplement. However, CSHC holders will continue to receive the Clean Energy Supplement and access the Pharmaceutical Benefits Scheme (and the lower threshold for the extended Medicare Threshold).
- From 1 January 2015, income from superannuation account based income streams will be included in the definition of income for the CSHC. Existing superannuation account based income streams held by CSHC holders before 1 January 2015 will be assessed under the existing rules.

Higher education and Higher Education Loan Program (HELP) system changes

There is a raft of proposed changes from 1 January 2016, which could see tertiary education costs rise if education providers are able to set their own tuition fees, and if proposed HELP support changes are passed through Parliament.

These changes may create a greater emphasis on parents (and grandparents) saving for their childrens’ education costs. So, to ensure you effectively save for the cost of education, please speak to your financial planner today.

Proposed Superannuation changes

Increase of Superannuation Guarantee (SG)

From 1 July 2014, the SG rate will increase to 9.5% p.a. However, the Government has proposed changes to the schedule for increasing the SG rate to 12%. These changes will now see the SG rate reach 12% three years later than currently legislated.

For employees, these changes may allow you to effectively manage your contributions caps for the 2014/15 financial year. For employers, it gives you added certainty on the level of SG contributions you may need to make from 1 July 2014.

Preservation Age increase

In response to the recommendation in the National Commission of Audit report for a phased increase to the superannuation preservation age, the Government has stated that this measure will be considered by the Financial Systems Inquiry and the Tax White Paper process.

Government Low Income Superannuation Contribution (LISC)

A Government contribution of up to \$500 (non-indexed) is payable for persons with adjusted taxable income of up to \$37,000 (non-indexed) (conditions apply). This contribution effectively offsets the tax (up to \$500) on concessional contributions.

The Government has proposed to discontinue the LISC for contributions made on or after 1 July 2013. Also, the Government has indicated superannuation incentives for low income earners will be revisited once the Budget is back in a strong surplus.

Excess non-concessional contributions tax

It is proposed that superannuation members will now be able to withdraw any non-concessional superannuation contributions (and related earnings) made after 1 July 2013 that breach the non-concessional contributions cap.

If this option is chosen, excess contributions tax will not be payable and any associated earnings will be taxed at the individual’s marginal tax rate.

This change will help anyone who breaches the non-concessional contributions caps from 1 July 2013. Excess non-concessional contributions left in the fund will be taxed at the top marginal rate plus the Medicare levy. ■

If you have any questions or concerns about how these or any other Budget proposals could affect you and your family, please refer to budget.gov.au or speak to your ANZ Financial Planner.

Important changes and information

BONUS DECLARATION AND POLICY INFORMATION

Investment funds

ANZ Capital Guaranteed Fund Interest is calculated on the daily balance of your account, which is credited at the applicable declared rate at 30 June each year, or on exit from the fund. Interest on contributions is paid with effect from the 16th of the month in which the premium falls due.

ANZ Managed Fund The fund issues units, with each unit representing a share of the underlying assets. The value of the units will vary depending on the value of the assets of the fund. Your investment balance is the number of units you hold multiplied by the unit price. The earnings of the fund (after deduction of management fees and taxes) are reflected by changes in the unit price. The value of your units may rise or fall.

added to the policy. Bonus rates are declared as at 31 December each year unless otherwise notified by OnePath Life.

In addition, a terminal bonus is also currently in operation for participating policies. A terminal bonus is a cash bonus that is added to the cash value of a policy. The terminal bonus is payable on death, maturity or surrender of the policy. The continued operation and the level of the terminal bonus are not guaranteed.

Year	2013 \$	2012 \$	2011 \$	2010 \$	2009 \$
GPL:	45.50 [^]	30.50 [*]	20.50 [†]	35.50 [‡]	35.50 [§]
Post-1974					
Moneymaster	69.50	54.50	44.50	59.50	59.50
GPL: Pre-1974	50.00	35.00	25.00	40.00	40.00
Low Bonus	35.50	20.50	10.50	25.50	25.50
Ex-Yorkshire	50.00	35.00	25.00	40.00	40.00
Ex-Skandia	50.00	35.00	25.00	40.00	40.00

[^] \$53.50 for policies originally issued as non-superannuation.

^{*} \$38.50 for policies originally issued as non-superannuation.

[†] \$28.50 for policies originally issued as non-superannuation.

[‡] \$43.50 for policies originally issued as non-superannuation.

[§] \$43.50 for policies originally issued as non-superannuation.

Traditional policies have a number of features and benefits including the security of life cover and bonus entitlements, which increase over the term of the policy. Please note that future bonus rates are not guaranteed and the rate of bonus declared depends on economic conditions and the operation of the participating policy sub-fund.

INVESTMENT PERFORMANCE

This section is only relevant to investors of ANZ Traditional Policies, ANZ Savings Products and ANZ Term Life Products.

Actual yearly return as at 30 June (% p.a.) unless otherwise stated and net of management fees. Please note that the five year and ten year returns for the investment funds below will differ from your personalised five year and ten year returns.

Investment fund	One year return (%)	Five year return (%)	Ten year return (%)
ANZ Capital Guaranteed Fund*, Spectrum, Investor Plus, Growing Investor, Investor M S Premier Plan, Money Plus, Regular Savings Plan	2.50	2.93	3.65
ANZ Capital Guaranteed Fund*, Regular Investor/Investor	2.01	2.41	3.08
ANZ Managed Fund	10.71	7.66	4.86

Investments can go up and down. Past performance is not indicative of future performance. Whilst every care has been taken in the preparation of this document, no warranty is given as to the correctness of the information contained in the investment returns table and no liability is accepted by OnePath Custodians, OnePath Life or any related bodies corporate for any error or omission.

* The one year return is interest calculated on the account's daily balance, being credited at the declared rate applicable as at 30 June. The five year return is the compound average return of the yearly returns over the last five years. The ten year return is the compound average return of the yearly returns over the last ten years.

Important to note

This document replaces the Annual Report in 2014 for the following products:

- ANZ Traditional Policies (except superannuation)
- ANZ Savings Products (except superannuation)
- ANZ Term Life Policies (except superannuation).

For ANZ Personal Superannuation Bond, ANZ Direct Super Investments and ANZ Allocated Pension we have also produced an Annual Report containing other important information associated with your membership, which will be available on our website at anz.com > Personal > Investing & Super > Resources then refer to the OnePath MasterFund Annual Report under Financial reports and annual statements. You can also elect to receive an electronic or hard copy free of charge by calling Customer Services on 13 38 63. This Investor Update covers the products listed, however, not all sections will be relevant to you.

ANZ Traditional Policies

Traditional Policies include Endowment, Whole of Life and Moneymaster Policies and are either participating or non-participating.

Participating policies return a guaranteed amount at death and for Endowment policies, at a date specified in your policy document, to which bonus amounts are added yearly. Such bonuses are allocated from profits of the sub-fund, which are principally from investment returns in excess of what is required to meet the guaranteed benefits. Bonuses declared are also guaranteed.

Non-participating policies return a guaranteed amount at death and for Endowment policies, at a date specified in your policy document. Non-participating policies do not participate in the profits of their sub-fund and consequently do not receive bonuses.

Bonus declarations

The reversionary bonus rates (per \$1000 of sum insured) for participating policies are shown in the following table. Reversionary bonuses are annual bonuses that are not payable in cash but added to the sum insured and are payable under the same conditions as the sum insured, at the time of death, maturity or as a lesser value on surrender of the policy. Reversionary bonuses are guaranteed once declared and

GOVERNMENT INCREASES TO THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY (APRA) LEVY

- [ANZ Allocated Pension](#)
- [ANZ Direct Super Investments](#)
- [ANZ Personal Superannuation Bond](#)
- [ANZ Savings Products \(Superannuation\)](#)

In 2013 the Federal Government increased the APRA Levy (Levy) to be paid by superannuation funds. The Levy is set to recover the operational costs of APRA and other specific costs, such as, implementing the Government's 'SuperStream' reforms. The SuperStream reforms are designed to make the superannuation system operate more efficiently for the benefit of members.

The Levy is an expense to the OnePath MasterFund and will apply each year. The component of the Levy related to SuperStream will only apply to 2018.

What does this mean for you?

The Trustee will recover the Levy from members by deducting it from the unit price of each investment option (excluding cash, term deposits and guaranteed products).

The first recovery for the year ending 30 June 2013 occurred at the end of August 2013. A subsequent recovery for the year ending 30 June 2014 occurred on 1 May 2014. The impact on members was 0.01% of funds under management in unitised investment options. For example, a member with a balance of \$50,000 paid approximately \$5.

The Levy for future years will be assessed and charged annually.

What do you need to do?

You do not need to do anything, the unit price adjustment takes place automatically.

PRIVACY LAW CHANGES

- [ANZ Allocated Pension](#)
- [ANZ Direct Super Investments](#)
- [ANZ Personal Superannuation Bond](#)
- [ANZ Savings Products](#)
- [ANZ Term Life Policies](#)
- [ANZ Traditional Policies](#)

In this section 'we', 'us' and 'our' refers to OnePath Custodians Pty Limited, OnePath Life Limited and other members of the ANZ Group.

From 12 March 2014, a new set of privacy principles regulates how OnePath entities and members of the ANZ Group (we) will collect, use, store and disclose your personal information provided as part of your investment with us.

We have updated our Privacy Policy and our Privacy disclosures to reflect these changes.

Updated information about ANZ's Privacy Policy

We are committed to ensuring the confidentiality and security of your personal information. Our Privacy Policy details how we manage your personal information and is available on request or may be downloaded from anz.com/privacy

We collect your personal information from you in order to manage and administer our products and services and we may need to disclose it to certain third parties. Without your personal information, we may not be able to process your application/contributions or provide you with the products or services you require.

Unless you consent to such disclosure we will not be able to consider the information you have provided.

Providing your information to others

The parties to whom we may routinely disclose your personal information include:

- an organisation that assists us and/or ANZ to detect and protect against consumer fraud
- any related company of ANZ which will use the information for the same purposes as ANZ and will act under ANZ's Privacy Policy
- an organisation that is in an arrangement or alliance with us and/or ANZ to jointly offer products and/or to share information for marketing purposes (and any of its outsourced service providers or agents), to enable them or us and/or ANZ to provide you with products or services and/or to promote a product or service
- organisations performing administration
- compliance functions in relation to the products and services we provide
- organisations providing medical or other services for the purpose of the assessment of any insurance claim you make with us (such as reinsurers)
- our solicitors or legal representatives
- organisations maintaining our information technology systems
- organisations providing mailing and printing services
- persons who act on your behalf (such as your agent or financial planner)
- regulatory bodies, government agencies, law enforcement bodies and courts.

We will also disclose your personal information in circumstances where we are required by law to do so. Examples of such laws are:

- The *Family Law Act 1975* (Cth) enables certain persons to request information about your interest in a superannuation fund

- There are disclosure obligations to third parties under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

Overseas recipients

We or ANZ may disclose information to recipients (including service providers and related companies) which are (1) located outside Australia and/or (2) not established in or do not carry on business in Australia.

You can find details about the location of these recipients in our Privacy Policy and at anz.com/privacy

Information required by law

ANZ may be required by relevant laws to collect certain information from you. Details of these laws and why they require us to collect this information are contained in our Privacy Policy at anz.com/privacy

Life risk – sensitive information

For life risk products, where applicable, we may collect health information with your consent. Your health information will only be disclosed to service providers or organisations providing medical or other services for the purpose of underwriting, assessing the application or assessing any claim.

Privacy consent

We and other members of the ANZ Group may send you information about our financial products and services from time to time. ANZ may also disclose your information to its related companies or alliance partners to enable them or ANZ to tell you about a product or service offered by them or a third party with whom they have an arrangement.

You may elect not to receive such information at any time by contacting Customer Services.

Where you wish to authorise any other parties to act on your behalf, to receive information and/or undertake transactions, please notify us in writing.

If you give us or ANZ personal information about someone else, please show them a copy of this document so that they may understand the manner in which their personal information may be used or disclosed by us or ANZ in connection with your dealings with us or ANZ.

Privacy policy

Our Privacy policy contains information about:

- when we or ANZ may collect information from a third party;
- how you may access and seek correction of the personal information we hold about you;
- and how you can raise concerns that we or ANZ has breached the Privacy Act or an applicable code and how we and/or ANZ will deal with those matters.

You can contact us about your information or any other privacy matter as follows:

OnePath
GPO Box 75
Sydney NSW 2001
Email: privacy@onepath.com.au

If any of your personal information is incorrect or has changed, please let OnePath know by contacting Customer Services. More information can be found in our Privacy Policy which can be obtained from its website at anz.com/privacy

GATEWAY AND ONEPATH DIVERSIFIED FUNDS CHANGES

[ANZ Allocated Pension](#)
[ANZ Direct Super Investments](#)
[ANZ Personal Superannuation Bond](#)
[ANZ Savings Products](#)
[ANZ Term Life Policies](#)
[ANZ Traditional Policies](#)

Following an extensive review of the Gateway and OnePath diversified funds, strategic asset allocation changes were implemented in December 2013. These changes were implemented to enable the impacted funds to continue to meet their investment objectives, and deliver more consistent returns by offering increased diversification opportunities.

The information following is relevant to ANZ Personal Superannuation Bond and ANZ Allocated Pension only.

New strategic asset allocations by fund

Gateway Conservative		
Asset Class [†]	Benchmark (%)	Range (%)
Cash	20	13-27
Australian fixed interest	18	11-25
International fixed interest	20	13-27
International property securities	3	0-10
Australian shares	12	5-19
International shares	10	2-18
Alternative assets	17	5-29

[†] The maximum exposure to growth assets for the Gateway Conservative fund is 42%.

Gateway Balanced		
Asset Class [†]	Benchmark (%)	Range (%)
Cash	8	0-16
Australian fixed interest	14	6-22
International fixed interest	17	9-25
International property securities	3	0-11
Australian shares	20	12-28
International shares	19	10-28
Alternative assets	19	5-33

[†] The maximum exposure to growth assets for the Gateway Balanced fund is 64%.

Gateway Growth		
Asset Class [†]	Benchmark (%)	Range (%)
Cash	4	0-12
Australian fixed interest	8	0-16
International fixed interest	9	1-17
International property securities	3	0-12
Australian shares	29	20-38
International shares	27	18-36
Alternative assets	20	6-34

[†] The maximum exposure to growth assets for the Gateway Growth fund is 84%.

Gateway Aggressive		
Asset Class	Benchmark (%)	Range (%)
Cash	0	0-9
Australian fixed interest	4	0-13
International fixed interest	6	0-14
International property securities	3	0-12
Australian shares	35	26-44
International shares	34	24-44
Alternative assets	18	4-33

The following change is only relevant to ANZ Allocated Pension, ANZ Personal Superannuation Bond and ANZ Direct Super Investments.

Changes for OnePath Conservative affect funds known as: ANZ Conservative, ANZ Diversified Stable, ANZ Diversified Stable Series 1, ANZ Diversified Stable Series 2 and ANZ Direct Diversified Stable.

OnePath Conservative		
Asset Class [†]	Benchmark (%)	Range (%)
Cash	20	13-27
Australian fixed interest	18	10-26
International fixed interest	20	12-28
International property securities	3	0-10
Australian shares	12	5-19
International shares	10	2-18
Alternative assets	17	5-29

[†] The maximum exposure to growth assets for the OnePath Conservative fund is 42%.

The following change is only relevant to ANZ Allocated Pension, ANZ Direct Super Investments and ANZ Personal Superannuation Bond.

Changes for OnePath Balanced affect funds known as: ANZ Wholesale Balanced, OnePath Wholesale Balanced, ANZ Balanced and ANZ Direct Balanced.

OnePath Balanced		
Asset Class [†]	Benchmark (%)	Range (%)
Cash	8	0-16
Australian fixed interest	14	5-23
International fixed interest	17	8-26
International property securities	3	0-11
Australian shares	20	12-28
International shares	19	10-28
Alternative assets	19	5-33

[†] The maximum exposure to growth assets for the OnePath Balanced fund is 64%.

The following change is only relevant to ANZ Allocated Pension, ANZ Personal Superannuation Bond, and ANZ Savings Products.

Changes for OnePath Managed Growth affect funds known as: ANZ Growth, ANZ Managed Fund, ANZ Managed Fund Series 1 and ANZ Managed Fund Series 2.

OnePath Managed Growth		
Asset Class [†]	Benchmark (%)	Range (%)
Cash	4	0-12
Australian fixed interest	8	0-17
International fixed interest	9	0-18
International property securities	3	0-12
Australian shares	29	20-38
International shares	27	18-36
Alternative assets	20	6-34

[†] The maximum exposure to growth assets for the OnePath Managed Growth fund is 84%.

Please note: The maximum range for alternative assets shown in the tables above is effective from 1 October 2014, prior to this date a lower maximum applies. For more details please refer to anz.com > Personal > Investing & super > Resources

Investments in alternative assets

Each of the funds listed on the above, as well as the OnePath Income (also known as ANZ Wholesale Income and ANZ Income) fund, have investments in alternative assets:

Alternative assets may include investments such as private equity, infrastructure, real estate and hedge funds. These types of assets provide increased diversification, but may require a longer period of time to liquidate (i.e. more than 30 days). Since early December 2013, each of the funds noted on this page, has a limited exposure to assets with varying liquidity. It is expected that these investments will allow the funds to deliver more consistent returns.

There are costs associated with investing in alternative assets, these are explained in the PDS.

BT INVESTMENT MANAGER CHANGES

Effective 19 March 2014.

This change is only relevant to ANZ Allocated Pension.

BT Active Balanced Wholesale Fund change

New strategic asset allocation		
Asset Class	Benchmark (%)	Range (%)
Australian shares	36	28-48
International shares	19	12-32
Australian property	4	0-10
International property	2	0-10
Australian fixed interest	15	5-32
International fixed interest	8	0-20
Cash	4	0-10
Alternative investments	12	0-20

BT Wholesale Asian Share Fund

This change is only relevant to ANZ Allocated Pension.

The underlying investment manager for the BT Wholesale Asian Share Fund (Fund) has changed from MFS International (U.K) Limited to J O Hambro Capital Management Group (JOHCM) (a wholly owned subsidiary of BT Investment Management). The new manager was appointed effective from 11 March 2014.

There is no change to the investment objective, asset allocation, benchmark, buy/sell spreads and management fees. The investment strategy under the new manager is outlined below.

Investment Strategy

As manager of the Fund, JOHCM's investment process for Asian shares aims to add value through fundamental stock selection. JOHCM focuses on identifying and owning quality long-term sustainable growth companies and is benchmark agnostic. These core holdings are combined with cyclical holdings that are valuation driven with consideration for current macro-economic conditions. The Fund will typically hold between 40 and 55 stocks.

The Fund has assets that are denominated in foreign currencies. This means that changes to the Australian dollar relative to foreign currencies may affect the value of the assets of the Fund. The Fund's foreign currency exposure will generally not be hedged to the Australian dollar but JOHCM may do so from time to time. JOHCM does not intend to use currency trading as an additional source of Fund returns.

GATEWAY INVESTMENT MANAGER CHANGES

A number of Gateway funds have been impacted by investment manager changes. These include all Gateway diversified funds:

- Gateway Balanced
- Gateway Conservative
- Gateway Growth
- Gateway Aggressive.

Gateway's active approach to researching and monitoring investment managers is an integral part of the Gateway investment process and ensures the optimal mix of investment managers is appointed to achieve the best outcome for investors. This active approach has resulted in a number of recent investment manager changes to the following asset classes:

International Shares

Investment Managers Added	
Manager	Date
UBS Global Asset Management	Dec-13
Vontobel Asset Management	Jun-14
LVS Asset Management	Jun-14
MFS Investment Management	Jun-14

Investment Managers Removed	
Manager	Date
Aberdeen Asset Management	Nov-13
Aurora Asset Management	May-14
Realindex Investments	Jun-14
China Asset Management	May-14
Harvest Global Investments	May-14
Quant Management Associates	Jun-14
Robeco Institutional Asset Management	Jun-14
Schroders Investment Management	Jun-14
Epoch Investment Partners	Jun-14

International Fixed Interest

Investment Managers Added	
Manager	Date
Pacific Investment Management Company	Feb-14

Investment Managers Removed	
Manager	Date
Amundi Asset Management	Nov-13
Omega Global Investors	Feb-14

Alternative Assets

Investment Managers Added	
Manager	Date
Man Group	Dec-13
Brigade Capital Management	Dec-13
OZ Management	Dec-13
Anchorage Capital Group	Dec-13
Wellington Management Company	Dec-13
Bentham Asset Management	Dec-13
Amundi Asset Management (Alternatives Defensive)	Dec-13
Odey Asset Management	May-14
Berkshire Property Advisors	May-14

Investment Managers Removed	
Manager	Date
Amundi Asset Management (Alternatives Growth)	Dec-13
Goldman Sachs	Dec-13
BlueCrest Capital Management	Mar-14

Australian Shares

Investment Managers Removed	
Manager	Date
Patersons Asset Management	Dec-13
Fairview Equity Partners	Dec-13
RARE Infrastructure	Dec-13
Perennial Investment Partners	Jan-14
Montgomery Investment Management	Jan-14

Australian Fixed Interest

Investment Managers Removed	
Manager	Date
Aberdeen Asset Management	Nov-13

NEW INVESTMENT FUNDS

The following change is only relevant to ANZ Allocated Pension.

Replacement of Perpetual International Shares funds

Affects fund known as Fidelity Perpetual Wholesale International Fund.

We have replaced one fund at the underlying investment fund level. The replacement underlying investment fund will result in an improved menu which will continue to provide investors with access to well-rated, market-leading investment funds.

Additionally, as a result of the change, a new manager, Magellan Asset Management Limited (Magellan) is being introduced to the ANZ Allocated Pension investment menu.

Option to be replaced	Replacement fund
Perpetual International Shares	Magellan Global

The replacement of the underlying investment fund was implemented on 16 June 2014.

Are there any changes to Ongoing Fees?

For investors in the Perpetual International Shares fund, the Ongoing Fee remained the same when it transitioned to the Magellan Global fund. However, in addition to the current Ongoing Fee, the Magellan Global fund has a performance based fee which will apply. The Magellan Global fund's Performance Fee is 10% p.a. of excess return above the higher of the MSCI World Net Total Return Index (\$A) and the yield of 10-year Australian Government Bonds.

What will the transition mean for existing investors?

- For existing investors, underlying investments of the fund were transitioned to the replacement fund on 16 June 2014.
- Investors will hold similar asset class exposure following the transition.
- Investors will see no change in the number of units they hold, nor will they see a transaction appear on their account. The unit prices of the investment fund will continue post transition, i.e. prices are not restarted or reset.
- Investors will see the name of their current investment fund reflect that of the replacement fund in correspondence from us and online reporting and transaction information.

Following is the fund profile for the replacement fund

Magellan Global

Investment objective

The primary objectives of the fund are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.

Description

The fund is suitable for investors seeking exposure to international shares and who are prepared to accept higher variability of returns.

Investment strategy

The fund's strategy is to invest in companies that have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. The fund's portfolio will comprise 20 to 40 companies listed on stock exchanges around the world, but will also have some exposure to cash. Magellan believes that such a portfolio will achieve sufficient diversification to ensure that the fund is not overly correlated to a single company, or to industry specific or macroeconomic risks. The fund can use foreign exchange contracts to facilitate settlement of stock purchases and to mitigate currency risk on specific investments within the portfolio. It is not Magellan's intention to hedge the foreign currency exposure of the fund arising from investments in overseas markets.

Minimum time horizon

7+ years

Distribution frequency

Yearly (Investment Portfolio Only)

MEMBER STRONGER SUPER LEVY

ANZ Allocated Pension ANZ Direct Super Investments ANZ Personal Superannuation Bond

In line with many competitors, the Trustee has approved a 0.03% levy to be applied against unitised investment options of all OnePath MasterFund members to cover some of the costs incurred to comply with the Government's 'Stronger Super' reforms.

The levy will be applied as a one-time adjustment to a daily unit price before the end of the 2014 calendar year.

YOUR ANNUAL REPORT IS AVAILABLE ONLINE

ANZ Allocated Pension ANZ Direct Super Investments ANZ Personal Superannuation Bond ANZ Savings Products (Superannuation) ANZ Term Life Policies (Superannuation) ANZ Traditional Policies (Superannuation)

In line with ANZ's ongoing commitment to reducing our impact on the environment, your Annual Report will be available online after November at anz.com > Personal > Investing & super > Resources

IMPORTANT TRUSTEE INFORMATION ONLINE

ANZ Allocated Pension ANZ Direct Super Investments ANZ Personal Superannuation Bond ANZ Savings Products (Superannuation) ANZ Term Life Policies (Superannuation) ANZ Traditional Policies (Superannuation)

As part of the Stronger Super reforms, Registrable Superannuation Entities are required to publish specific information on their websites in accordance with the *Superannuation Industry (Supervision) Act 1993*. OnePath Custodians Pty Limited as Trustee of your Superannuation fund has recently published this information online. To find out more about OnePath Custodians Pty Ltd as your Trustee please go to anz.com > Personal > Investing & super > OnePath ownership and follow the OnePath website link.

Connect with us Customer Services

-  13 38 63
-  customer@onepath.com.au
-  anz.com

ANZ Personal Superannuation Bond, ANZ Direct Super Investments and ANZ Allocated Pension are products offered by the OnePath MasterFund (ABN 53 789 980 697, RSE R1001525, SFN 2929 169 44) (Fund). When you invest in one of these products, you become a member of the Fund. OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673) (OnePath Custodians) is the trustee and issuer of the Fund and the issuer of this Investor Update for these products.

OnePath Life Limited (ABN 33 009 657 176, AFSL 238341) (OnePath Life) is the issuer of the products listed below and the issuer of this Investor Update for these products:

- ANZ Traditional Policies (except superannuation)
- ANZ Savings Products (except superannuation)
- ANZ Term Life Policies (except superannuation)

Each issuer is a wholly owned subsidiary of Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (ANZ). ANZ is an authorised deposit taking institution (Bank) under the *Banking Act 1959* (Cth). Although each issuer is owned by ANZ none of them is a Bank. An investment with an issuer is not a deposit or other liability of ANZ or its related group companies and none of them stands behind or guarantees the issuer or the capital or performance of your investment. Your 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 June 2014 but may be subject to change. Updated information will be available free of charge by contacting Customer Services on 13 38 63.

The information 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 and objectives. The examples used in this Investor Update are hypothetical and are not meant to illustrate the circumstances of any particular individual.

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.

You should read the relevant Product Disclosure Statement (PDS) available from Customer Services and any specific product updates for the product and consider whether the product is right for you before making a decision to continue to hold the product.