

ANNUAL REPORT

ONEANSWER SEPARATE ACCOUNT TRUST
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

ARSN 152 546 024



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Directors' Report for the financial year ended 30 June 2019

The Directors of OnePath Funds Management Limited (OPFM), the Responsible Entity of OneAnswer Separate Account Trust (the 'Scheme'), present their report together with the financial report of the Scheme for the financial year ended 30 June 2019, and the report of the auditor on the Scheme.

Responsible Entity

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

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

Name	Position Held	Date Appointed	Date Resigned
A H Chonowitz	Independent Non-Executive Director	Appointed 1 March 2015	Resigned 31 July 2019
L M Fricke	Independent Non-Executive Director	Appointed 7 September 2017	
P G Mullin	Independent Executive Director	Appointed 1 March 2015	
S J Chapman	Independent Non-Executive Director, Chairman	Appointed 1 August 2011	

Principal activities

The Scheme is a registered Managed Investment Scheme domiciled in Australia.

The investment activities of the Scheme continued to be in accordance with the investment policy of the Scheme, as outlined in the Product Disclosure Statement (PDS). The primary aim of the Scheme is to provide investors with a fixed rate of return with a choice of investment terms to suit the investors' needs and objectives. The Scheme invests according to the term deposits selected by the investors.

The Scheme did not have any employees during the year.

Review of operations and results

The Scheme continues to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of operations of the Scheme are disclosed in the Statement of Comprehensive Income. The returns of investors in the Scheme are based on the fixed rate of return of the term deposits in the investors' respective accounts.

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

There were no fees paid to OnePath Funds Management Limited by the Scheme and no investments were held by OnePath Funds Management Limited in the Scheme throughout the reporting period.

Interests in the Scheme

The movements in investors' holdings in the Scheme during the year are disclosed in Note 4 Net assets attributable to investors.

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

Significant changes in the state of affairs

Proposed sale of OnePath P&I business:

On 17 October 2017, Australia and New Zealand Banking Group Limited (ANZ), the ultimate parent company of OnePath Funds Management Limited (the Responsible Entity of the Scheme) announced the proposed sale of the OnePath Pension and Investments (OnePath P&I) business to IOOF Holdings Limited and Australian Wealth Management Limited (IOOF).

On 7 December 2018, the Australian Prudential Regulation Authority (APRA) announced regulatory action against IOOF. As at the reporting date, ANZ and OnePath Custodians Pty Limited (a related party of ANZ) continue to engage with IOOF to understand the actions IOOF are taking to respond to the APRA matter. OPFM continues to operate the Scheme within ANZ and there have been no changes to the operations of the Scheme.

Likely developments and expected results of operations

The Scheme will continue to invest in cash and term deposits. Further information has not been included in this report to avoid the disclosure of information that may result in unreasonable prejudice to the Scheme.

Environmental regulation

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

Events subsequent to balance date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Scheme for the financial year ended on that date.

Indemnities and insurance premiums for officers and auditor

Indemnification:

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

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

Insurance premiums:

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

Directors' Report for the financial year ended 30 June 2019

True and fair view

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 20 and forms part of the Directors' Report for the financial year ended 30 June 2019.

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



Director

Sydney

10 September 2019

Financial Report
Financial Statement - Statement of Financial Position
as at 30 June 2019

	Note	OneAnswer Separate Account Trust	
		30 June 2019 \$	30 June 2018 \$
Assets			
Cash and cash equivalents		6,274,949	8,382,789
Receivables	5	736,026	779,226
Term deposits*	6	60,041,058	70,908,037
Total assets		67,052,033	80,070,052
Net assets attributable to investors		67,052,033	80,070,052
Represented by:			
Net assets attributable to investors		67,052,033	80,070,052
Total net assets attributable to investors	4	67,052,033	80,070,052

The Statement of Financial Position should be read in conjunction with the Notes to the financial statements set out on pages 9 to 16.

*Effective from 1 July 2018, the Scheme adopted AASB 9 *Financial Instruments*. Term deposits which were previously classified as 'Loans and receivables' are now classified at 'Amortised cost' and disclosed in the Statement of Financial Position as 'Term deposits'. The reclassification has had no impact on the Scheme's investment income and no changes to the amount recognised within the financial statements for the current reporting period. Refer to Note 2.6.1 AASB 9 *Financial Instruments* and Note 3.7 Term deposits for further detail.

Financial Report
Financial Statement - Statement of Comprehensive Income
for the financial year ended 30 June 2019

	Note	OneAnswer Separate Account Trust	
		30 June 2019 \$	30 June 2018 \$
Investment income			
Interest income		1,877,090	1,911,422
Net investment income/(loss)		1,877,090	1,911,422
Expenses			
Penalty interest expense		29,234	12,021
Operating expenses before finance costs		29,234	12,021
Profit/(loss) from operating activities		1,847,856	1,899,401
Finance costs			
Interest transferred out to investors		1,891,517	1,831,288
Change in net assets attributable to investors/ Total comprehensive income	4	(43,661)	68,113

The Statement of Comprehensive Income should be read in conjunction with the Notes to the financial statements set out on pages 9 to 16.

Financial Report
Financial Statement - Statement of Changes in Equity
for the financial year ended 30 June 2019

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

Financial Report
Financial Statement - Statement of Cash Flows
for the financial year ended 30 June 2019

	Note	OneAnswer Separate Account Trust	
		30 June 2019 \$	30 June 2018 \$
Cash flows from operating activities:			
Interest received		28,773	12,378
Interest paid		(29,234)	(12,021)
Proceeds from sale of investments		26,704,979	22,881,432
Purchase of investments		(15,838,000)	(24,506,773)
Net cash flows from/(used in) operating activities	7	10,866,518	(1,624,984)
Cash flows from financing activities:			
Proceeds from applications of investors		22,652,642	32,620,736
Payments on redemptions to investors		(35,627,000)	(29,830,427)
Net cash flows from/(used in) financing activities		(12,974,358)	2,790,309
Net increase/(decrease) in cash and cash equivalents		(2,107,840)	1,165,325
Cash and cash equivalents at the beginning of the financial year		8,382,789	7,217,464
Cash and cash equivalents at the end of the financial year		6,274,949	8,382,789

The Statement of Cash Flows should be read in conjunction with the Notes to the financial statements set out on pages 9 to 16.

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019

1. Reporting entity

The Scheme included in these financial statements is a registered Managed Investment Scheme under the *Corporations Act 2001*. The financial statements of the Scheme are for the financial year ended 30 June 2019.

2. Basis of preparation

2.1 Statement of compliance

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

The financial statements were approved by the Board of Directors of the Responsible Entity on 10 September 2019.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except financial instruments classified as term deposits and receivables which are measured at amortised cost and transaction price respectively. Refer to Note 3.6 Receivables and Note 3.7 Term deposits for further detail.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

2.5 Going concern

The financial statements have been prepared on a going concern basis.

2.6 Changes in accounting policies

The Scheme has adopted AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. Under the transition methods chosen, comparative information is not restated as detailed below. There was no material effect of the adoption of these standards to the Scheme for the financial year ended 30 June 2019.

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

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019**2.6.1 AASB 9 Financial Instruments**

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* and is applicable for annual reporting periods beginning on or after 1 January 2018. AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it replaces the previous AASB 139 categories for the financial instruments which were 'financial assets at fair value through profit or loss (FVTPL)', 'financial assets held to maturity', 'loans and receivables' and 'available for sale' with 'fair value through profit or loss', 'amortised cost' and 'fair value through other comprehensive income (FVOCI)'. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and the characteristics of its contractual cash flows. The adoption of this standard does not have a significant impact on the recognition and measurement of the Scheme's investments in term deposits as they continue to be carried at amortised cost as a result of adopting AASB 9 and the Scheme does not apply hedge accounting. Refer to Note 3.7 Term deposits and Note 3.6 Receivables for further detail.

2.6.2 AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* is applicable for reporting periods beginning on or after 1 January 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time and over time. The Scheme does not earn revenue to which AASB 15 applies, accordingly, the new revenue recognition rules do not have an impact on the Scheme's accounting policies or the amounts recognised in the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except Note 3.6 Receivables due to adoption of AASB 9 *Financial Instruments*.

The Scheme has not early adopted any accounting standard.

3.1 Net assets attributable to investors

In accordance with AASB 132 *Financial Instruments: Presentation*, investors' funds are classified as a financial liability and disclosed as such in the Statement of Financial Position, being referred to as 'Net assets attributable to investors'. Investors' holdings can be put back into the Scheme at any time for cash equal to the proportionate share of the Scheme's net asset value. The value of redeemable assets is measured at the redemption amount that is payable at the Statement of Financial Position date if investors exercised their right to put the investment back into the Scheme. Changes in the value of this financial liability are recognised in the Statement of Comprehensive Income.

3.2 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and term deposits with an original maturity of less than 3 months.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.3 Interest income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. This also applies to premiums and discounts paid on interest bearing instruments. Interest income is recognised on a gross basis, including withholding tax, if any.

3.4 Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Interest expense may consist of early withdrawal adjustments charged to investors on withdrawal from term deposits prior to their maturity.

3.5 Taxation

Under current legislation the Scheme is not subject to income tax as each investor will have absolute entitlement to the underlying term deposits held in their separate accounts. All income derived from the term deposits accrue directly to investors.

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019

3.6 Receivables

Effective from 1 July 2018, the Scheme adopted AASB 9 *Financial Instruments*. Receivables which were previously carried at amortised cost are now measured at transaction price and may include amounts for accrued income.

Accrued income relates to interest income. Amounts are generally received at maturity for the 3, 6 and 12 month term deposit options. For terms greater than 12 months, interest is received annually on the anniversary start date of the term deposit and at maturity.

3.7 Term deposits

Effective from 1 July 2018, the Scheme has adopted AASB 9 *Financial Instruments*. Term deposits which were previously classified as 'Loans and receivables' are now classified at 'Amortised cost' and disclosed in the Statement of Financial Position as 'Term deposits'. Term deposits comprise of term deposits with an original maturity greater than 3 months. Term deposits continue to be carried at amortised cost as a result of adopting AASB 9.

The Scheme recognises term deposits on the date the Scheme becomes party to the contractual agreement. Term deposits are derecognised when the right to receive cash flows expires.

Term deposits are initially recorded in the Statement of Financial Position at cost. The majority of the Scheme's net assets attributable to investors are term deposits and therefore the accounting policies relating to the valuation of term deposits are significant.

3.8 Fair value measurement

The difference between fair value and carrying value for the Term deposits balance is immaterial.

3.9 Change in net assets attributable to investors

The movement in net assets attributable to investors is recognised in the Statement of Comprehensive Income.

3.10 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted by the Scheme in preparing these financial statements. None of these are expected to have a material effect on the Scheme's financial statements.

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019

4. Net assets attributable to investors

As stipulated within the Scheme's Constitution, investors have an absolute entitlement to the underlying term deposits, cash and receivables in their personal portfolios in the Scheme and have the right to withdraw these at any time less an early withdrawal adjustment.

Movement in the net assets attributable to investors of the Scheme during the year are as follows:

	OneAnswer Separate Account Trust	
	30 June 2019 \$	30 June 2018 \$
Opening balance	80,070,052	77,211,630
Applications	22,652,642	32,620,736
Redemptions	(35,627,000)	(29,830,427)
Change in net assets attributable to investors	(43,661)	68,113
Closing balance	67,052,033	80,070,052

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019

5. Receivables

The table below details the receivables held by the Scheme at the reporting date:

	OneAnswer Separate Account Trust	
	30 June 2019	30 June 2018
	\$	\$
Interest receivable	736,026	779,226
Total receivables	736,026	779,226

6. Term deposits

The following table details the term deposits held by the Scheme at the reporting date:

	OneAnswer Separate Account Trust	
	30 June 2019	30 June 2018
	\$	\$
Term deposits between 6 months and 12 months	24,766,205	53,445,671
Term deposits due greater than 12 months	35,274,853	17,462,366
Total term deposits	60,041,058	70,908,037

7. Reconciliation of cash flows from operating activities

The table below details the reconciliation of cash flows from operating activities for the year as follows:

	OneAnswer Separate Account Trust	
	30 June 2019	30 June 2018
	\$	\$
Profit/(Loss) from operating activities	1,847,856	1,899,401
Changes in operating assets and liabilities:		
Proceeds from sale of investments	26,704,979	22,881,432
Purchase of investments	(15,838,000)	(24,506,773)
Net change in receivables	43,200	(67,756)
Income transferred out to investors	(1,891,517)	(1,831,288)
Net cash flows from/(used in) operating activities	10,866,518	(1,624,984)

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019

8. Financial risk management

8.1 Introduction and overview

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

- credit risk
- liquidity risk
- market risk

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

8.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme, resulting in a financial loss to the Scheme. The main concentration of credit risk, to which the Scheme is exposed, arises from the Scheme's investments in term deposits.

8.2.1 Cash and cash equivalents

The Scheme's cash and cash equivalents and term deposits are held by Australia and New Zealand Banking Group Limited (ANZ). The credit rating of ANZ as determined by Standard & Poor's is AA- as at the reporting date.

8.2.2 Credit risk exposure

The carrying amount of cash and cash equivalents and term deposits represent the maximum exposure to credit risk.

At 30 June 2019, Management considers the probability of default to be close to zero as ANZ, the issuers of term deposits, has a strong capability to meet its contractual obligation in the near term. As such, no loss allowance is deemed to be necessary based on 12 months expected credit loss.

8.3 Liquidity risk

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

The liquidity risk is represented by Net assets attributable to investors. Management mitigates this risk by being able to call the cash and cash equivalents and term deposits at any time.

8.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Scheme's income.

8.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The Scheme is subject to minimal interest rate risk as the majority of financial instruments held are fixed rate term deposits.

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019

9. Auditor's remuneration

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

	OneAnswer Separate Account Trust	
	30 June 2019	30 June 2018
	\$	\$
KPMG		
- Financial statement audit		
Paid by Responsible Entity	4,887	4,817
- Compliance and regulatory		
Paid by Responsible Entity	26,000	25,500
Total audit fees paid	30,887	30,317

10. Related parties

10.1 Responsible Entity

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

10.2 Key management personnel

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

Name	Position Held	Date Appointed	Date Resigned
A H Chonowitz	Independent Non-Executive Director	Appointed 1 March 2015	Resigned 31 July 2019
L M Fricke	Independent Non-Executive Director	Appointed 7 September 2017	
P G Mullin	Independent Executive Director	Appointed 1 March 2015	
S J Chapman	Independent Non-Executive Director, Chairman	Appointed 1 August 2011	

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

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

10.3 Related party transactions

All related party transactions are conducted on commercial terms and conditions. Costs of the Scheme are borne by OnePath Funds Management Limited, the Responsible Entity of the Scheme.

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

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

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

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2019

10.4 Related party investments held by the Scheme

As at 30 June 2019, the Scheme held no investments either in the Responsible Entity or in any Scheme managed by the Responsible Entity.

10.5 ANZ Securities - Related party investments

As at 30 June 2019, the Scheme held \$66,316,007 (2018: \$79,290,826) of cash and terms deposits with ANZ. Cash and term deposits less than 90 days of \$6,274,949 (2018: \$8,382,789) are disclosed under 'Cash and cash equivalents' and \$60,041,058 (2018: \$70,908,037) are included under 'Term deposits' in the Statement of Financial Position. As at reporting date the Scheme held a receivable of \$736,026 (2018: \$779,226) for accrued interest on term deposits held with ANZ. The Scheme did not have any amount payable to ANZ as at 30 June 2019 (2018: Nil).

During the financial year, the Scheme was entitled to interest income (net of penalty interest) of \$1,847,856 (2018: \$1,899,401) from investments in cash and term deposits with ANZ.

11. Custodian

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

12. Commitments and contingencies

There were no commitments or contingencies for the Scheme as at the reporting date (30 June 2018: Nil).

13. Significant events during the financial period

Proposed sale of OnePath P&I business:

On 17 October 2017, Australia and New Zealand Banking Group Limited (ANZ), the ultimate parent company of OnePath Funds Management Limited (the Responsible Entity of the Scheme) announced the proposed sale of the OnePath Pension and Investments (OnePath P&I) business to IOOF Holdings Limited and Australian Wealth Management Limited (IOOF).

On 7 December 2018, the Australian Prudential Regulation Authority (APRA) announced regulatory action against IOOF. As at the reporting date, ANZ and OnePath Custodians Pty Limited (a related party of ANZ) continue to engage with IOOF to understand the actions IOOF are taking to respond to the APRA matter. OPFM continues to operate the Scheme within ANZ and there have been no changes to the operations of the Scheme.

14. Likely developments and expected results of operations

The Scheme will continue to invest in cash and term deposits. Further information has not been included in this report to avoid the disclosure of information that may result in unreasonable prejudice to the Scheme.

15. Events subsequent to reporting date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Scheme for the financial year ended on that date.

Financial Report Directors' Declaration

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

OneAnswer Separate Account Trust

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

In the opinion of the Directors:

1. The financial statements and notes to the financial statements of the Scheme, set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
 - 1.1 giving a true and fair view of the Scheme's financial position as at 30 June 2019 and its performance for the financial year ended on that date.
 - 1.2 complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes to the financial statements of the Scheme, set out on pages 5 to 16 comply with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

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



Director

Sydney

10 September 2019



Independent Auditor's Report

To the investors of OneAnswer Separate Account Trust ('the Scheme'):

Opinion

We have audited the **Financial Report** of the Scheme.

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

- giving a true and fair view of the Scheme's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2019;
- Statement of Comprehensive Income for the year then ended;
- Statement of Changes in Equity for the year then ended;
- Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration made by the Directors of OnePath Funds Management Limited (the Responsible Entity).

The *financial year* is the 12 months ended on 30 June 2019.

Basis for opinion

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

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



Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Andrew Reeves

Partner

Sydney
10 September 2019



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

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

OneAnswer Separate Account Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of the Scheme for the financial year ended 30 June 2019 there have been:

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

A handwritten signature of the KPMG representative, appearing as 'KPMG' in a stylized, cursive script.

KPMG

A handwritten signature of Andrew Reeves, appearing as 'AR' followed by a horizontal line.

Andrew Reeves

Partner

Sydney
10 September 2019

CONTACT DETAILS FOR THE SCHEMES

CUSTOMER SERVICES

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

 customer@onepath.com.au

ANZ SERVICEPLUS

For use by ANZ Financial Planners only.

 1800 998 996 weekdays between 8.00am and 5.30pm (AEST)

 anzserviceplus@anz.com

POSTAL ADDRESS

 OnePath Funds Management Limited
GPO Box 4028
Sydney NSW 2001

WEBSITE

 anz.com

RESPONSIBLE ENTITY

OnePath Funds Management Limited
ABN 21 003 002 800 AFSL 238342

CUSTODIANS

OnePath Funds Management Limited
242 Pitt Street
Sydney NSW 2000

AUDITOR

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