

Financial Report Retail Mortgage

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

BOOKLET 11



Financial Reports for the financial year ended June 2014.

The schemes listed in Booklet 11 are noted below.

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Directors' Report for the financial year ended 30 June 2014

The Directors of OnePath Funds Management Limited, the Responsible Entity of the following Managed Investment Schemes (the 'Schemes'), present their report together with the financial reports of the Schemes for the financial year ended 30 June 2014 and the auditor's report thereon:

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

Responsible Entity

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

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

Name	Date Appointed
C T Brackenrig	Appointed 5 May 2011
S C Brentnall	Appointed 1 March 2013
S J Chapman	Appointed 1 August 2011
V S Weekes	Appointed 1 May 2011

Principal activities

The Schemes are registered Managed Investment Schemes domiciled in Australia.

The investment activities of the Schemes continue to be in accordance with the investment policies of the Schemes, as outlined in the Product Disclosure Statements (PDS) or investment mandates, and investments in each class of asset were maintained within the stated asset allocation ranges. The Key asset categories are cash and unit trusts.

The Schemes did not have any employees during the year.

Review of operations and results

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

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

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

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

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

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

No fees were paid out of the Schemes' property to the Directors of the Responsible Entity during the year. Related party investments held in the Schemes as at the end of the financial year are disclosed in Note 11.6 Units in the Schemes held by related parties.

Significant changes in the state of affairs

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

Likely developments and expected results of operations

The Schemes will continue to pursue their investment policy as outlined in the PDSs or investment mandates. The results of the Schemes will be affected by a number of factors, including the performance of investment markets in which the Schemes invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information about the likely developments regarding the operations of the Schemes and the expected results of those operations in future financial periods has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Schemes.

Environmental regulation

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

Events subsequent to balance date

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Schemes disclosed in the Statements of Financial Position as at 30 June 2014 or on the results and cash flows of the Schemes for the financial year ended on that date.

Indemnities and insurance premiums for officers and auditors

Indemnification:

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

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

**Directors' Report
for the financial year ended 30 June 2014**

Insurance premiums:

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

True and fair view

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 41 and forms part of the directors' report for the financial year ended 30 June 2014.

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



Director

Sydney

5 September 2014

**Statements of Financial Position
as at 30 June 2014**

	Note	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Assets									
Cash and cash equivalents		658,694	2,058,839	161,879	217,081	548,191	750,303	96,029	31,579
Receivables	5	580,633	1,396,479	773,693	1,893,547	890,689	2,145,341	155,979	381,119
Financial assets held at fair value through profit or loss	6.1	10,026,151	33,157,752	21,951,787	63,819,623	15,358,401	50,996,122	4,435,855	13,104,267
Total assets		11,265,478	36,613,070	22,887,359	65,930,251	16,797,281	53,891,766	4,687,863	13,516,965
Liabilities									
Payables	7	12,971	38,396	49,839	132,229	27,587	76,795	10,207	27,093
Distribution payable		1,735,123	1,672,727	722,851	2,064,233	1,215,141	2,103,211	147,239	334,087
Total liabilities (excluding net assets attributable to unitholders)		1,748,094	1,711,123	772,690	2,196,462	1,242,728	2,180,006	157,446	361,180
Net assets attributable to unitholders		9,517,384	34,901,947	22,114,669	63,733,789	15,554,553	51,711,760	4,530,417	13,155,785
Represented by:									
Net assets attributable to unitholders at redemption price		9,517,384	34,901,947	22,114,669	63,733,789	15,554,553	51,711,760	4,530,417	13,155,785
Total net assets attributable to unitholders	4	9,517,384	34,901,947	22,114,669	63,733,789	15,554,553	51,711,760	4,530,417	13,155,785

The Statements of Financial Position should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 37.

Statements of Financial Position as at 30 June 2014

	Note	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Assets							
Cash and cash equivalents		8,145	73,429	75,921	143,938	182,827	286,766
Receivables	5	348,734	839,654	35,571	85,357	442,128	1,063,251
Financial assets held at fair value through profit or loss	6.1	6,044,401	19,998,463	612,346	2,025,349	7,647,343	25,309,151
Total assets		6,401,280	20,911,546	723,838	2,254,644	8,272,298	26,659,168
Liabilities							
Payables	7	28,449	73,083	2,314	6,080	14,358	38,006
Distribution payable		323,120	796,392	70,895	83,414	539,079	1,041,210
Total liabilities (excluding net assets attributable to unitholders)		351,569	869,475	73,209	89,494	553,437	1,079,216
Net assets attributable to unitholders		6,049,711	20,042,071	650,629	2,165,150	7,718,861	25,579,952
Represented by:							
Net assets attributable to unitholders at redemption price		6,049,711	20,042,071	650,629	2,165,150	7,718,861	25,579,952
Total net assets attributable to unitholders	4	6,049,711	20,042,071	650,629	2,165,150	7,718,861	25,579,952

The Statements of Financial Position should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 37.

**Statements of Comprehensive Income
for the financial year ended 30 June 2014**

	Note	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Investment income									
Interest income		24,706	69,312	4,457	32,309	16,325	31,487	1,281	7,400
Unit trust distribution income		1,182,892	3,187,280	1,743,553	4,839,337	1,818,356	4,908,700	356,178	997,499
Net change in fair value of investments		(2,015,326)	(2,057,930)	(724,981)	3,707,862	(3,087,145)	(3,177,566)	(148,654)	783,925
Other income		-	-	-	152	-	-	-	-
Net investment income/(loss)		(807,728)	1,198,662	1,023,029	8,579,660	(1,252,464)	1,762,621	208,805	1,788,824
Expenses									
Responsible Entity fees		147,156	437,034	664,219	1,910,419	306,847	862,641	136,129	395,414
Operating expenses before finance costs		147,156	437,034	664,219	1,910,419	306,847	862,641	136,129	395,414
Profit/(loss) from operating activities		(954,884)	761,628	358,810	6,669,241	(1,559,311)	899,980	72,676	1,393,410
Finance costs									
Distributions to unitholders		2,133,071	2,851,338	1,084,369	3,550,310	1,875,097	4,095,763	221,410	641,849
Change in net assets attributable to unitholders/ Total comprehensive income	4	(3,087,955)	(2,089,710)	(725,559)	3,118,931	(3,434,408)	(3,195,783)	(148,734)	751,561

The Statements of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 37.

**Statements of Comprehensive Income
for the financial year ended 30 June 2014**

	Note	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Investment income							
Interest income		476	4,759	2,293	5,450	5,606	12,759
Unit trust distribution income		712,520	1,921,719	72,275	194,660	902,401	2,432,499
Net change in fair value of investments		(1,214,966)	(1,239,163)	(123,086)	(125,347)	(1,537,169)	(1,573,494)
Other income		-	-	-	-	-	-
Net investment income/(loss)		(501,970)	687,315	(48,518)	74,763	(629,162)	871,764
Expenses							
Responsible Entity fees		149,756	414,040	15,358	42,165	152,263	427,456
Operating expenses before finance costs		149,756	414,040	15,358	42,165	152,263	427,456
Profit/(loss) from operating activities		(651,726)	273,275	(63,876)	32,598	(781,425)	444,308
Finance costs							
Distributions to unitholders		563,392	1,534,428	96,688	160,881	864,078	2,025,920
Change in net assets attributable to unitholders/ Total comprehensive income	4	(1,215,118)	(1,261,153)	(160,564)	(128,283)	(1,645,503)	(1,581,612)

The Statements of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 37.

**Statements of Changes in Equity
for the financial year ended 30 June 2014**

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

**Statements of Cash Flows
for the financial year ended 30 June 2014**

	Note	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities:									
Interest received		27,141	71,243	4,818	32,622	16,451	32,525	1,221	7,675
Unit trust distribution received		1,996,303	1,794,861	1,944,419	1,747,222	3,072,882	2,764,875	398,661	358,230
Other income		-	-	-	152	-	-	-	-
Operating expenses		(172,581)	(398,638)	(716,152)	(1,922,234)	(356,055)	(785,729)	(151,891)	(400,599)
Proceeds from sale of investments		21,116,275	22,145,872	43,887,684	53,410,337	32,550,575	34,164,487	9,004,596	11,549,172
Purchase of investments		-	-	(1,856,658)	(1,697,834)	-	-	(303,247)	(845,013)
Net cash flows from/(used in) operating activities	8	22,967,138	23,613,338	43,264,111	51,570,265	35,283,853	36,176,158	8,949,340	10,669,465
Cash flows from financing activities:									
Proceeds from issue of units		-	-	221,353	586,028	189	386	27,664	75,205
Payments for redemption of units		(2,276)	(47,784)	(76,299)	(206,654)	(47,999)	(119,748)	(4,544)	(2,336)
Distributions paid		(2,070,674)	(1,178,612)	(2,425,751)	(1,486,077)	(2,763,168)	(1,992,552)	(408,258)	(307,762)
Return of capital paid		(22,294,333)	(22,528,406)	(41,038,616)	(51,166,466)	(32,674,987)	(34,232,832)	(8,499,752)	(10,789,760)
Net cash flows from/(used in) financing activities		(24,367,283)	(23,754,802)	(43,319,313)	(52,273,169)	(35,485,965)	(36,344,746)	(8,884,890)	(11,024,653)
Net increase/(decrease) in cash and cash equivalents		(1,400,145)	(141,464)	(55,202)	(702,904)	(202,112)	(168,588)	64,450	(355,188)
Cash and cash equivalents at the beginning of the financial year		2,058,839	2,200,303	217,081	919,985	750,303	918,891	31,579	386,767
Cash and cash equivalents at the end of the financial year		658,694	2,058,839	161,879	217,081	548,191	750,303	96,029	31,579

The Statements of Cash Flows should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 37.

**Statements of Cash Flows
for the financial year ended 30 June 2014**

	Note	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities:							
Interest received		603	4,907	2,392	5,728	5,719	13,216
Unit trust distribution received		1,203,313	1,082,219	121,962	109,593	1,523,411	1,369,828
Other income		-	-	-	-	-	-
Operating expenses		(194,389)	(340,386)	(19,123)	(36,069)	(175,911)	(389,179)
Proceeds from sale of investments		12,739,097	13,349,478	1,289,915	1,348,677	16,124,640	16,932,881
Purchase of investments		-	-	-	-	-	-
Net cash flows from/(used in) operating activities	8	13,748,624	14,096,218	1,395,146	1,427,929	17,477,859	17,926,746
Cash flows from financing activities:							
Proceeds from issue of units		2,322	4,927	152	220	913	2,059
Payments for redemption of units		(14,162)	(28,316)	(4)	-	(11,901)	(65,322)
Distributions paid		(1,036,664)	(738,036)	(109,207)	(77,468)	(1,363,620)	(982,637)
Return of capital paid		(12,765,404)	(13,362,861)	(1,354,104)	(1,415,660)	(16,207,190)	(16,963,797)
Net cash flows from/(used in) financing activities		(13,813,908)	(14,124,286)	(1,463,163)	(1,492,908)	(17,581,798)	(18,009,697)
Net increase/(decrease) in cash and cash equivalents		(65,284)	(28,068)	(68,017)	(64,979)	(103,939)	(82,951)
Cash and cash equivalents at the beginning of the financial year		73,429	101,497	143,938	208,917	286,766	369,717
Cash and cash equivalents at the end of the financial year		8,145	73,429	75,921	143,938	182,827	286,766

The Statements of Cash Flows should be read in conjunction with the Notes to the Financial Statements set out on pages 12 to 37.

Notes to the Financial Statements for the financial year ended 30 June 2014

1. Reporting entity

The Schemes included in these financial statements are registered Managed Investment Schemes under the *Corporations Act 2001*. The financial statements of the Schemes are for the financial year ended 30 June 2014.

2. Basis of preparation

2.1 Statement of compliance

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

The financial statements were approved by the Board of Directors of the Responsible Entity on 5 September 2014.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value and financial liabilities other than those at fair value through profit or loss which are measured at amortised cost.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

2.5 Going concern

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

2.6 Changes in accounting policies

2.6.1 AASB 10 Consolidated Financial Statements

The Schemes meet the definition of an investment entity and therefore have early adopted the investment entity amendments to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interests in Other Entities* and AASB 127 *Separate Financial Statements (revised 2011)* with a date of initial application of 1 July 2013.

As a result of the adoption of AASB 10, the Schemes have changed their accounting policy with respect to determining whether they have control over and consequently whether they consolidate their investees. AASB 10 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Schemes control the investee on the basis of *de facto* circumstances. An exception however exists where an entity meets the definition of an investment entity.

The Schemes meet the definition of an investment entity due to the following factors:

- The Schemes obtain and manage funds for the purpose of providing investors of the Schemes with investment management services;

Notes to the Financial Statements for the financial year ended 30 June 2014

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

In making the above assessment, the Schemes have multiple investments and multiple investors. The majority of the investors are unrelated parties of the Schemes. Finally, although all units attributable to unitholders are recognised as debt rather than equity, unitholders are still exposed to a variable return. Management has concluded that the Schemes meet the definition of an investment entity.

In accordance with the transitional provisions of AASB 10, the Schemes re-assessed the control conclusion for their investees at 1 July 2013. As a consequence, the Schemes have availed themselves of the investment entity consolidation relief and are accounting for their investments at fair value through the profit and loss. These separate financial statements are single financial statements presented by the Schemes. This change in accounting policy required retrospective application. Refer to Note 2.6.2 Investment Entities (Amendments to AASB 10, AASB 12 and IAS 27) - Restatement.

2.6.2 Investment Entities (Amendments to AASB 10, AASB 12 and IAS 27) - Restatement

The Schemes have no adjustment made to the Schemes' Statements of Financial Position at 30 June 2013, Statements of Comprehensive Income and Statements of Cash Flows for the year ended 30 June 2013 because the Schemes were not consolidated entities as at 30 June 2013.

2.6.3 AASB 13 Fair Value Measurement

AASB 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. However, it has no material impact on measurement of fair value of the Schemes. AASB 13 also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in financial statements for financial instruments; accordingly, the Schemes have included additional disclosures in this regard (See Note 9.5 Valuation of financial instruments).

2.6.4 AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

AASB 2012-2 contains amendments to AASB 7 *Financial Instruments: Disclosures* (and consequential amendments to AASB 132 *Financial Instruments: Presentation*) which provide users of financial statements with information about:

- Rights of set-off related to an entity's financial instruments;
- The effect of such rights on its Statement of Financial Position.

The Schemes have no derivative financial instruments and accordingly additional disclosures are not required.

2.6.5 AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

AASB 2011-4 has removed the Australian-specific disclosure requirements in AASB 124 *Related Party Disclosures* which requires detailed disclosures of compensation received by each key management personnel (KMP), equity holdings, loans and other transactions with individual KMPs. The Schemes have retained the relevant disclosures in Note 11.2 Key management personnel in the best interests of the unitholders.

3. Significant accounting policies

The accounting policies applied by the Schemes are the same as those applied by the Schemes for the year ended 30 June 2013 except for the fair value measurement principles and financial assets and financial liabilities offsetting disclosed in Note 3.1.5 Fair value measurement principles and Note 3.1.6 Offsetting.

3.1 Financial instruments

3.1.1 Recognition and initial measurement

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

Notes to the Financial Statements for the financial year ended 30 June 2014

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

3.1.2 Derecognition

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

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

3.1.3 Classification

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

Financial assets measured at amortised cost include cash and cash equivalents, balances due from brokers and accounts receivable. Financial liabilities measured at amortised cost include balances due to brokers and accounts payable.

3.1.4 Measurement

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Comprehensive Income.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method.

Financial liabilities arising from the redeemable units issued by the Schemes are carried at the redemption amount representing the investors' rights to the residual interest in the Schemes' assets, which is the fair value at the reporting date.

The Schemes have included additional disclosures in Note 9.5 Valuation of financial instruments.

3.1.5 Fair value measurement principles

The Schemes have adopted AASB 13 *Fair Value Measurement* with effect from 1 July 2013. In accordance with the transitional provisions, AASB 13 has been applied prospectively from that date. As a result, the Schemes have adopted a new definition of fair value, as set out below. The change had no material impact on the measurement of the Schemes' assets and liabilities. However, the Schemes have included new disclosures in the financial statements which are required under AASB 13 for financial reporting.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Schemes have access at that date. The fair value of a liability reflects its non - performance risk.

The prices used to value investments include, but are not limited to:

- independent prices obtained for each security;
- quoted 'bid' prices on long securities and quoted 'ask' prices on securities sold short;
- redemption prices published by the relevant Responsible Entity, for investments into unlisted unit trusts.

When applicable, the Schemes measure the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Schemes use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

3.1.6 Offsetting

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

Notes to the Financial Statements for the financial year ended 30 June 2014

AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities* requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment does not have any impact on the Schemes' financial position or performance. The Schemes have no derivative financial instruments and accordingly additional disclosures are not required.

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

3.2 Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the units can be put back to the Schemes for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units from the Schemes.

3.3 Terms and conditions of units

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

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

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

3.4 Cash and cash equivalents

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

3.5 Interest

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

3.6 Unlisted unit trust distributions

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

3.7 Expenses

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

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

3.8 Distribution and taxation

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

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

Notes to the Financial Statements for the financial year ended 30 June 2014

3.9 Finance costs

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

3.10 Receivables

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

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

3.11 Payables

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

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

3.12 Change in net assets attributable to unitholders

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

3.13 Goods and services tax

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

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

3.14 New standards and interpretations not yet adopted

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

- *AASB 9 Financial Instruments (December 2009)* replacing *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 is applicable for annual reporting periods beginning on or after 1 January 2017.
- *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*. AASB 2012-3 is applicable for reporting periods beginning on or after 1 January 2014.
- *IFRS 15 Revenue from Contracts with Customers*. IFRS 15 is applicable for reporting periods beginning on or after 1 January 2017.

Management is currently assessing the impact of the above accounting standards.

Notes to the Financial Statements for the financial year ended 30 June 2014

4. Net assets attributable to unitholders

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

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

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Opening balance	34,901,947	59,567,848	63,733,789	111,401,950	51,711,760	89,259,736	13,155,785	23,121,116
Applications	-	-	221,354	586,028	187	387	27,662	75,204
Redemptions	(2,275)	(47,785)	(76,299)	(206,654)	(47,999)	(119,748)	(4,544)	(2,336)
Return of capital distributions	(22,294,333)	(22,528,406)	(41,038,616)	(51,166,466)	(32,674,987)	(34,232,832)	(8,499,752)	(10,789,760)
Change in net assets attributable to unitholders	(3,087,955)	(2,089,710)	(725,559)	3,118,931	(3,434,408)	(3,195,783)	(148,734)	751,561
Closing balance	9,517,384	34,901,947	22,114,669	63,733,789	15,554,553	51,711,760	4,530,417	13,155,785
	30 June 2014 Units	30 June 2013 Units	30 June 2014 Units	30 June 2013 Units	30 June 2014 Units	30 June 2013 Units	30 June 2014 Units	30 June 2013 Units
Opening balance	153,754,018	153,945,227	327,803,241	326,171,429	233,424,771	233,927,143	74,491,912	74,148,480
Applications	-	-	2,731,402	2,486,899	2,108	1,531	384,283	356,220
Redemptions	(30,353)	(191,209)	(930,780)	(855,087)	(543,747)	(503,903)	(65,914)	(12,788)
Closing balance	153,723,665	153,754,018	329,603,863	327,803,241	232,883,132	233,424,771	74,810,281	74,491,912
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$		
Opening balance	20,042,071	34,689,475	2,165,150	3,708,874	25,579,952	44,186,550		
Applications	2,324	4,926	151	219	3,503	4,133		
Redemptions	(14,162)	(28,316)	(4)	-	(11,901)	(65,322)		
Return of capital distributions	(12,765,404)	(13,362,861)	(1,354,104)	(1,415,660)	(16,207,190)	(16,963,797)		
Change in net assets attributable to unitholders	(1,215,118)	(1,261,153)	(160,564)	(128,283)	(1,645,503)	(1,581,612)		
Closing balance	6,049,711	20,042,071	650,629	2,165,150	7,718,861	25,579,952		
	30 June 2014 Units	30 June 2013 Units	30 June 2014 Units	30 June 2013 Units	30 June 2014 Units	30 June 2013 Units		
Opening balance	91,213,100	91,308,086	9,672,002	9,671,129	115,768,891	115,984,626		
Applications	24,286	19,284	1,597	873	35,414	16,327		
Redemptions	(116,908)	(114,270)	(50)	-	(134,714)	(232,062)		
Closing balance	91,120,478	91,213,100	9,673,549	9,672,002	115,669,591	115,768,891		

**Notes to the Financial Statements
for the financial year ended 30 June 2014**

5. Receivables

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

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$	\$	\$	\$	\$	\$	\$	\$
Unit trust distributions receivable	579,007	1,392,419	759,911	1,848,948	889,299	2,143,825	155,039	379,115
Interest receivable	1,626	4,060	221	582	1,390	1,516	142	82
Other receivables	-	-	13,561	44,017	-	-	798	1,922
Total receivables	580,633	1,396,479	773,693	1,893,547	890,689	2,145,341	155,979	381,119

	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$	\$	\$	\$	\$	\$
Unit trust distributions receivable	348,707	839,500	35,380	85,067	441,661	1,062,671
Interest receivable	27	154	191	290	467	580
Other receivables	-	-	-	-	-	-
Total receivables	348,734	839,654	35,571	85,357	442,128	1,063,251

Notes to the Financial Statements for the financial year ended 30 June 2014

6. Financial assets and liabilities

The tables below detail the categories of the financial assets and liabilities held by the Schemes at the reporting date:

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust		Monthly Income Trust		OnePath AJ Mortgage Fund	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
6.1 Financial assets held at fair value through profit or loss												
Held for trading												
Unlisted unit trusts	10,026,151	33,157,752	21,951,787	63,819,623	15,358,401	50,996,122	4,435,855	13,104,267	6,044,401	19,998,463	612,346	2,025,349
Total financial assets held at fair value through profit or loss	10,026,151	33,157,752	21,951,787	63,819,623	15,358,401	50,996,122	4,435,855	13,104,267	6,044,401	19,998,463	612,346	2,025,349
Comprising:												
Unlisted unit trusts												
Related unlisted unit trusts	10,026,151	33,157,752	21,951,787	63,819,623	15,358,401	50,996,122	4,435,855	13,104,267	6,044,401	19,998,463	612,346	2,025,349
Total unlisted unit trusts	10,026,151	33,157,752	21,951,787	63,819,623	15,358,401	50,996,122	4,435,855	13,104,267	6,044,401	19,998,463	612,346	2,025,349
Total financial assets held at fair value through profit or loss	10,026,151	33,157,752	21,951,787	63,819,623	15,358,401	50,996,122	4,435,855	13,104,267	6,044,401	19,998,463	612,346	2,025,349

	OnePath Mortgage Trust No.2	
	30 June 2014 \$	30 June 2013 \$
6.1 Financial assets held at fair value through profit or loss		
Held for trading		
Unlisted unit trusts	7,647,343	25,309,151
Total financial assets held at fair value through profit or loss	7,647,343	25,309,151
Comprising:		
Unlisted unit trusts		
Related unlisted unit trusts	7,647,343	25,309,151
Total unlisted unit trusts	7,647,343	25,309,151
Total financial assets held at fair value through profit or loss	7,647,343	25,309,151

**Notes to the Financial Statements
for the financial year ended 30 June 2014**

7. Payables

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

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Responsible Entity fees payable	10,636	31,206	49,839	132,229	22,663	62,474	10,207	27,093
Other payables	2,335	7,190	-	-	4,924	14,321	-	-
Total payables	12,971	38,396	49,839	132,229	27,587	76,795	10,207	27,093

	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Responsible Entity fees payable	26,172	65,905	2,052	5,270	11,261	30,981
Other payables	2,277	7,178	262	810	3,097	7,025
Total payables	28,449	73,083	2,314	6,080	14,358	38,006

Notes to the Financial Statements for the financial year ended 30 June 2014

8. Reconciliation of cash flows from operating activities

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

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
8.1 Profit/(Loss) from operating activities	(954,884)	761,628	358,810	6,669,241	(1,559,311)	899,980	72,676	1,393,410
Adjustments for net realised and unrealised (gains)/losses on:								
Change in fair value of investments	2,015,326	2,057,930	724,981	(3,707,862)	3,087,145	3,177,566	148,654	(783,925)
Changes in operating assets and liabilities:								
Proceeds from sale of investments	21,116,276	22,145,872	43,887,684	53,410,337	32,550,575	34,164,488	9,004,596	11,549,172
Purchase of investments	-	-	(1,856,658)	(1,697,835)	-	-	(303,247)	(845,013)
Net change in receivables	815,845	(1,390,488)	1,119,854	(595,287)	1,254,652	(2,142,671)	225,139	(122,299)
Net change in payables	(25,425)	38,396	(82,390)	(86,205)	(49,208)	76,795	(16,886)	(18,243)
Income reinvested	-	-	(888,170)	(2,422,124)	-	-	(181,592)	(503,637)
Net cash flows from/(used in) operating activities	22,967,138	23,613,338	43,264,111	51,570,265	35,283,853	36,176,158	8,949,340	10,669,465
8.2 Non-cash financing and investing activities								
Distributions reinvested by unitholders in additional scheme units	-	-	-	-	-	-	-	-
Trust income reinvested	-	-	888,170	2,422,124	-	-	181,592	503,637

	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
8.1 Profit/(Loss) from operating activities	(651,726)	273,275	(63,876)	32,598	(781,425)	444,308
Adjustments for net realised and unrealised (gains)/losses on:						
Change in fair value of investments	1,214,966	1,239,163	123,086	125,347	1,537,169	1,573,494
Changes in operating assets and liabilities:						
Proceeds from sale of investments	12,739,097	13,349,478	1,289,916	1,348,677	16,124,640	16,932,883
Purchase of investments	-	-	-	-	-	-
Net change in receivables	490,920	(838,781)	49,786	(84,773)	621,123	(1,061,945)
Net change in payables	(44,633)	73,083	(3,766)	6,080	(23,648)	38,006
Income reinvested	-	-	-	-	-	-
Net cash flows from/(used in) operating activities	13,748,624	14,096,218	1,395,146	1,427,929	17,477,859	17,926,746
8.2 Non-cash financing and investing activities						
Distributions reinvested by unitholders in additional scheme units	-	-	-	-	2,589	2,074
Trust income reinvested	-	-	-	-	-	-

Notes to the Financial Statements for the financial year ended 30 June 2014

9. Financial risk management

9.1 Introduction and overview

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

- credit risk
- liquidity risk
- market risk

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

9.1.1 Risk management framework

The Schemes maintain positions in a variety of derivative and non-derivative financial instruments in accordance with the PDSs or investment mandates. The Schemes' investment portfolios comprise cash, equities, fixed interest securities, derivatives and unit trusts.

The Schemes' investment managers have been given a discretionary authority to manage the assets in line with the Schemes' investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored on a daily basis. In instances where the portfolio has diverged from target asset allocations, the investment managers are obliged to take action to rebalance the portfolio in line with the established targets, within prescribed time limits.

9.2 Credit risk

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

9.2.1 Management of credit risk

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

9.2.2 Cash and cash equivalents

The Schemes' cash and cash equivalents are held by Australia and New Zealand Banking Group Limited (ANZ). The credit rating of ANZ is AA-(2013: AA-) as at reporting date.

9.2.3 Settlement risk

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

9.2.4 Past due and impaired assets

No financial assets carried at amortised cost were past due or impaired either at 30 June 2014 or 30 June 2013.

Notes to the Financial Statements for the financial year ended 30 June 2014

9.3 Liquidity risk

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

9.3.1 Management of liquidity risk

The Schemes' policy and the investment managers' approaches to managing liquidity is to have sufficient liquidity to meet their liabilities, including estimated redemptions of units, as and when due, without incurring undue losses.

The Schemes hold investments in unlisted unit trusts, which may be subject to redemption restrictions. As a result, the Schemes may not be able to liquidate some of their investments in these instruments in due time in order to meet their liquidity requirements.

The Schemes' liquidity risk is managed on a daily basis and the investment managers' approaches are in accordance with their investment mandates. Daily monitoring of cash flow and liquidity levels is conducted to ensure appropriate and timely action which is in the best interests of the unitholders. In addition to monitoring daily cash flows the Schemes' portfolio of assets are maintained within defined mandate limits and monitoring these positions is part of liquidity risk management.

9.3.2 Liquidity risk exposure

The tables below detail the financial instruments currently in a liability position based on expected maturity rather than on a contractual basis, as the contractual maturities for such contracts are not considered to be essential to the understanding of the timing of cash flows based on the Schemes' investment strategies.

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	\$	\$	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities								
Payables								
Due for maturity in: < 1 month	1,748,094	1,711,123	772,690	2,196,462	1,242,728	2,180,006	157,446	361,180
Total payables	1,748,094	1,711,123	772,690	2,196,462	1,242,728	2,180,006	157,446	361,180
Amounts payable to unitholders								
Suspended schemes	9,517,384	34,901,947	22,114,669	63,733,789	15,554,553	51,711,760	4,530,417	13,155,785
Total amounts payable to unitholders	9,517,384	34,901,947	22,114,669	63,733,789	15,554,553	51,711,760	4,530,417	13,155,785
	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2			
	30 June 2014	30 June 2013	30 June 2014	30 June 2013	30 June 2014	30 June 2013		
	\$	\$	\$	\$	\$	\$		
Non-derivative financial liabilities								
Payables								
Due for maturity in: < 1 month	351,569	869,475	73,209	89,494	553,437	1,079,216		
Total payables	351,569	869,475	73,209	89,494	553,437	1,079,216		
Amounts payable to unitholders								
Suspended schemes	6,049,711	20,042,071	650,629	2,165,150	7,718,861	25,579,952		
Total amounts payable to unitholders	6,049,711	20,042,071	650,629	2,165,150	7,718,861	25,579,952		

Notes to the Financial Statements for the financial year ended 30 June 2014

9.4 Market risk

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

9.4.1 Management of market risk

The Schemes' strategy for the management of market risk is driven by each Scheme's investment objectives. The Schemes' market risk is managed on a daily basis by the investment managers in accordance with the investment guidelines of each Scheme's investment mandate.

9.4.2 Interest rate risk

The Schemes are exposed to the risk that the fair value or future cash flows of their financial instruments will fluctuate as a result of changes in market interest rates. Financial instruments that would be impacted by changes in market interest rates include cash and cash equivalents.

The Schemes' interest rate risk is managed on a daily basis by the investment managers in accordance with the defined investment process and within the guidelines and restrictions outlined in the Schemes' investment mandates. The Schemes are monitored for mandate compliance. Where the interest rate risk exposure moves outside the Schemes' mandate restrictions or guidelines, the investment managers will rebalance the portfolios.

9.4.3 Exposure and sensitivity analysis - interest rate risk

Direct interest rate risk exposure at reporting date is disclosed in Note 9.4.4 Interest rate risk exposure and sensitivity analysis.

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

The tables at Note 9.4.4 Interest rate risk exposure and sensitivity analysis set out the effect on the Schemes' 'Net assets attributable to unitholders' and 'Change in net assets attributable to unitholders/Total comprehensive income' of a reasonably possible increase or reduction of 100 basis points in interest rates at 30 June 2014 (2013: 100 basis points).

Notes to the Financial Statements for the financial year ended 30 June 2014

9.4.4 Interest rate risk exposure and sensitivity analysis

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

	ANZ Mortgage Fund			ANZ OA OnePath Income Plus Trust			ANZ OA OnePath Mortgage Trust			Income Plus Trust		
	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$
30 June 2014												
Financial assets												
Cash and cash equivalents	-	658,694	658,694	-	161,879	161,879	-	548,191	548,191	-	96,029	96,029
Net exposure	-	658,694	658,694	-	161,879	161,879	-	548,191	548,191	-	96,029	96,029
30 June 2013												
Financial assets												
Cash and cash equivalents	-	2,058,839	2,058,839	-	217,081	217,081	-	750,303	750,303	-	31,579	31,579
Net exposure	-	2,058,839	2,058,839	-	217,081	217,081	-	750,303	750,303	-	31,579	31,579
Sensitivity analysis	2014	2013		2014	2013		2014	2013		2014	2013	
Impact on Profit/loss on operating activities and Net assets attributable to unitholders												
Interest rate risk - increase of 100bp (2013 100bp)	6,587	20,588		1,619	2,171		5,482	7,503		960	316	
Interest rate risk - decrease of 100bp (2013 100bp)	(6,587)	(20,588)		(1,619)	(2,171)		(5,482)	(7,503)		(960)	(316)	

	Monthly Income Trust			OnePath AJ Mortgage Fund			OnePath Mortgage Trust No.2		
	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$	Fixed interest rate \$	Floating interest rate \$	Total \$
30 June 2014									
Financial assets									
Cash and cash equivalents	-	8,145	8,145	-	75,921	75,921	-	182,827	182,827
Net exposure	-	8,145	8,145	-	75,921	75,921	-	182,827	182,827
30 June 2013									
Financial assets									
Cash and cash equivalents	-	73,429	73,429	-	143,938	143,938	-	286,766	286,766
Net exposure	-	73,429	73,429	-	143,938	143,938	-	286,766	286,766
Sensitivity analysis	2014	2013		2014	2013		2014	2013	
Impact on Profit/loss on operating activities and Net assets attributable to unitholders									
Interest rate risk - increase of 100bp (2013 100bp)	81	734		759	1,439		1,828	2,868	
Interest rate risk - decrease of 100bp (2013 100bp)	(81)	(734)		(759)	(1,439)		(1,828)	(2,868)	

Notes to the Financial Statements for the financial year ended 30 June 2014

9.4.5 Other price risk

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

The Schemes' financial instruments which are carried at fair value have any change in the fair value of investments recognised in the Statements of Comprehensive Income in the line item 'Net change in fair value of investments'.

9.4.6 Exposure and Sensitivity analysis - other price risk

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

A sensitivity analysis reflects how 'Net assets attributable to unitholders' and 'Changes in net assets attributable to unitholders/Total comprehensive income' would have been affected by changes in the relevant risk variable at the end of the reporting period. Management has determined that a movement in market prices of 10% is possible, considering the economic environment in which the Schemes operate.

The table at Note 9.4.7 Other price risk - sensitivity analysis set out the effect on the Schemes' 'Net assets attributable to unitholders' and the 'Change in net assets attributable to unitholders/Total Comprehensive Income' of a possible increase or decrease in market prices of 10% (2013: 10%).

9.4.7 Other price risk - sensitivity analysis

At reporting date the Schemes' other price risk sensitivity analysis is detailed in the tables below:

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Impact on Profit/loss from operating activities and Net assets attributable to unitholders								
Price risk - increase of 10%*	1,002,615	3,315,775	2,195,179	6,381,962	1,535,840	5,099,612	443,586	1,310,427

	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Impact on Profit/loss from operating activities and Net assets attributable to unitholders						
Price risk - increase of 10%*	604,440	1,999,846	61,235	202,535	764,734	2,530,915

* A decrease will have an equal and opposite effect on the Profit/loss from operating activities and Net assets attributable to unitholders.

Notes to the Financial Statements for the financial year ended 30 June 2014

9.5 Valuation of financial instruments

The Schemes' accounting policy on fair value measurement is discussed in Note 3.1.5 Fair value measurement principles.

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

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

Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments that use a valuation technique which includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

The Schemes recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 30 June 2014.

Notes to the Financial Statements for the financial year ended 30 June 2014

9.5.1 Financial instruments hierarchy

9.5.1.1 Recurring fair value measurements

The tables below detail financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Note	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Financial assets held at fair value through profit or loss									
Listed securities:									
Level 1		-	-	-	-	-	-	-	-
Level 2		-	-	-	-	-	-	-	-
Level 3		-	-	-	-	-	-	-	-
Debt securities:									
Level 1		-	-	-	-	-	-	-	-
Level 2		-	-	-	-	-	-	-	-
Level 3		-	-	-	-	-	-	-	-
Unlisted unit trusts:									
Level 1		-	-	-	-	-	-	-	-
Level 2		-	-	12,179,060	31,517,515	-	-	2,429,541	6,478,268
Level 3		10,026,151	33,157,752	9,772,727	32,302,108	15,358,401	50,996,122	2,006,314	6,625,999
Derivative assets:									
Level 1		-	-	-	-	-	-	-	-
Level 2		-	-	-	-	-	-	-	-
Level 3		-	-	-	-	-	-	-	-
Total financial assets held at fair value through profit or loss	6.1	10,026,151	33,157,752	21,951,787	63,819,623	15,358,401	50,996,122	4,435,855	13,104,267

	Note	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
		30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
Financial assets held at fair value through profit or loss							
Listed securities:							
Level 1		-	-	-	-	-	-
Level 2		-	-	-	-	-	-
Level 3		-	-	-	-	-	-
Debt securities:							
Level 1		-	-	-	-	-	-
Level 2		-	-	-	-	-	-
Level 3		-	-	-	-	-	-
Unlisted unit trusts:							
Level 1		-	-	-	-	-	-
Level 2		-	-	-	-	-	-
Level 3		6,044,401	19,998,463	612,346	2,025,349	7,647,343	25,309,151
Derivative assets:							
Level 1		-	-	-	-	-	-
Level 2		-	-	-	-	-	-
Level 3		-	-	-	-	-	-
Total financial assets held at fair value through profit or loss	6.1	6,044,401	19,998,463	612,346	2,025,349	7,647,343	25,309,151

Notes to the Financial Statements for the financial year ended 30 June 2014

9.5.1.2 Non - recurring fair value measurements

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

9.5.2 Movements of Level 3 securities

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

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

	Note	ANZ Mortgage Fund					ANZ OA OnePath Income Plus Trust				
		Financial assets & liabilities at fair value through profit or loss 30 June 2014					Financial assets & liabilities at fair value through profit or loss 30 June 2014				
		Listed equities \$	Debt securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Debt securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
Financial assets and liabilities at fair value through profit or loss											
Opening balance		-	-	33,157,752	-	33,157,752	-	-	32,302,108	-	32,302,108
Total gains or losses in profit or loss*		-	-	(2,015,326)	-	(2,015,326)	-	-	(1,964,385)	-	(1,964,385)
Settlements		-	-	(21,116,275)	-	(21,116,275)	-	-	(20,564,996)	-	(20,564,996)
Closing balance	9.5.1.1	-	-	10,026,151	-	10,026,151	-	-	9,772,727	-	9,772,727
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period*		-	-	(2,015,326)	-	(2,015,326)	-	-	(1,964,385)	-	(1,964,385)

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

	Note	ANZ OA OnePath Mortgage Trust					Income Plus Trust				
		Financial assets & liabilities at fair value through profit or loss 30 June 2014					Financial assets & liabilities at fair value through profit or loss 30 June 2014				
		Listed equities \$	Debt securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Debt securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
Financial assets and liabilities at fair value through profit or loss											
Opening balance		-	-	50,996,122	-	50,996,122	-	-	6,625,999	-	6,625,999
Total gains or losses in profit or loss*		-	-	(3,087,145)	-	(3,087,145)	-	-	(403,283)	-	(403,283)
Settlements		-	-	(32,550,576)	-	(32,550,576)	-	-	(4,216,402)	-	(4,216,402)
Closing balance	9.5.1.1	-	-	15,358,401	-	15,358,401	-	-	2,006,314	-	2,006,314
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period*		-	-	(3,087,145)	-	(3,087,145)	-	-	(403,283)	-	(403,283)

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

	Note	Monthly Income Trust					OnePath AJ Mortgage Fund				
		Financial assets & liabilities at fair value through profit or loss 30 June 2014					Financial assets & liabilities at fair value through profit or loss 30 June 2014				
		Listed equities \$	Debt securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$	Listed equities \$	Debt securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
Financial assets and liabilities at fair value through profit or loss											
Opening balance		-	-	19,998,463	-	19,998,463	-	-	2,025,349	-	2,025,349
Total gains or losses in profit or loss*		-	-	(1,214,966)	-	(1,214,966)	-	-	(123,086)	-	(123,086)
Settlements		-	-	(12,739,096)	-	(12,739,096)	-	-	(1,289,917)	-	(1,289,917)
Closing balance	9.5.1.1	-	-	6,044,401	-	6,044,401	-	-	612,346	-	612,346
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period*		-	-	(1,214,966)	-	(1,214,966)	-	-	(123,086)	-	(123,086)

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

Notes to the Financial Statements for the financial year ended 30 June 2014

9.5.2 Movements of Level 3 securities

		OnePath Mortgage Trust No.2				
		Financial assets & liabilities at fair value through profit or loss 30 June 2014				
	Note	Listed equities \$	Debt securities \$	Unlisted unit trusts \$	Trading derivatives \$	Total \$
Financial assets and liabilities at fair value through profit or loss						
Opening balance		-	-	25,309,151	-	25,309,151
Total gains or losses in profit or loss*		-	-	(1,537,168)	-	(1,537,168)
Settlements		-	-	(16,124,640)	-	(16,124,640)
Closing balance	9.5.1.1	-	-	7,647,343	-	7,647,343
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period*						
		-	-	(1,537,168)	-	(1,537,168)

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

9.5.3 Inputs used for Level 3 fair value measurement

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

Type	Valuation Approach	Key unobservable input	Range	ANZ Mortgage Fund	ANZ OA OnePath Income Plus Trust	ANZ OA OnePath Mortgage Trust	Income Plus Trust
				Fair Value \$	Fair Value \$	Fair Value \$	Fair Value \$
Holdings in suspended schemes	Latest available trade price less appropriate discounts	Valuation of underlying assets of managed investments scheme Suspension of redemption Liquidity	0 - 100%	10,026,151	9,772,727	15,358,401	2,006,314

Type	Valuation Approach	Key unobservable input	Range	Monthly Income Trust	OnePath AJ Mortgage Fund	OnePath Mortgage Trust No.2
				Fair Value \$	Fair Value \$	Fair Value \$
Holdings in suspended schemes	Latest available trade price less appropriate discounts	Valuation of underlying assets of managed investments scheme Suspension of redemption Liquidity	0 - 100%	6,044,401	612,346	7,647,343

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Notes to the Financial Statements for the financial year ended 30 June 2014

9.5.4 Level 3 sensitivity analysis of unobservable inputs

Although the Responsible Entity of the Schemes believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used as reasonably possible alternative assumptions by 10% upwards (favourable) or downwards (unfavourable) would have the following effects on profit or loss:

Impact on fair value of Level 3 securities	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	Favourable \$	Unfavourable \$	Favourable \$	Unfavourable \$	Favourable \$	Unfavourable \$	Favourable \$	Unfavourable \$
2014								
Listed securities	-	-	-	-	-	-	-	-
Interest bearing securities	-	-	-	-	-	-	-	-
Unlisted unit trusts	1,002,615	(1,002,615)	977,273	(977,273)	1,535,840	(1,535,840)	200,631	(200,631)
Derivative financial instruments	-	-	-	-	-	-	-	-

Impact on fair value of Level 3 securities	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
	Favourable \$	Unfavourable \$	Favourable \$	Unfavourable \$	Favourable \$	Unfavourable \$
2014						
Listed securities	-	-	-	-	-	-
Interest bearing securities	-	-	-	-	-	-
Unlisted unit trusts	604,440	(604,440)	61,235	(61,235)	764,734	(764,734)
Derivative financial instruments	-	-	-	-	-	-

9.5.5 Valuation processes

The Responsible Entity's Wealth Governance and Investment Forum reviews monthly valuations of the financial instruments required for financial reporting purposes, including Level 3 fair values.

Changes in Level 2 and 3 fair values are analysed at each reporting date and the reasons for the fair value movements are explained.

Notes to the Financial Statements for the financial year ended 30 June 2014

10. Auditor's remuneration

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

	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
KPMG								
- Financial statement audit Paid by Responsible Entity	4,684	4,320	4,684	4,320	4,684	4,320	4,684	4,320
- Compliance and regulatory Paid by Responsible Entity	427	538	427	538	427	538	427	538
Total audit fees paid	5,111	4,858	5,111	4,858	5,111	4,858	5,111	4,858

	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$	30 June 2014 \$	30 June 2013 \$
KPMG						
- Financial statement audit Paid by Responsible Entity	4,684	4,320	4,684	4,320	4,684	4,320
- Compliance and regulatory Paid by Responsible Entity	427	538	427	538	427	538
Total audit fees paid	5,111	4,858	5,111	4,858	5,111	4,858

11. Related parties

11.1 Responsible Entity

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

11.2 Key management personnel

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

Name	Date Appointed
C T Brackenrig	Appointed 5 May 2011
S C Brentnall	Appointed 1 March 2013
S J Chapman	Appointed 1 August 2011
V S Weekes	Appointed 1 May 2011

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

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

Notes to the Financial Statements for the financial year ended 30 June 2014

11.3 Related party transactions

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

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

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

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

11.4 Responsible Entity fees

The Responsible Entity is entitled to management fees which are calculated as a proportion of net assets attributable to unitholders. All transactions with related parties are conducted on normal commercial terms and conditions. Management fees are reflected as 'Responsible Entity fees' in the Statements of Comprehensive Income. Fees received by the Responsible Entity for the year ended 30 June 2014 are as follows:

	Total fair value of management fees paid and payable to the RE during the financial year	
	2014 \$	2013 \$
ANZ Mortgage Fund - Series 1	77,605	231,750
ANZ Mortgage Fund - Series 2	69,551	205,284
ANZ OA OnePath Income Plus Trust - Pool Class [†]	-	-
ANZ OA OnePath Income Plus Trust - Retail Class	664,219	1,910,419
ANZ OA OnePath Mortgage Trust	306,847	862,641
Income Plus Trust - Pool Class [†]	-	-
Income Plus Trust - Retail Class	136,129	395,414
Monthly Income Trust	149,756	414,040
OnePath AJ Mortgage Fund	15,358	42,165
OnePath Mortgage Trust No.2	152,263	427,456

[†] This is a feeless class/scheme and any fees charged are indirect.

Notes to the Financial Statements for the financial year ended 30 June 2014

11.5 Related party investments held by the Schemes

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

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

Name of entity Name of related entity	Fair value of unit holdings		% Interest		Units purchased/reinvested during the period		Units redeemed during the period		Distributions received/receivable (including Return of Capital)		Number of units held	
	2014 \$	2013 \$	2014 %	2013 %	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014	2013
ANZ Mortgage Fund												
Mortgage Pool	12,041,477	33,157,752	12.62	12.61	-	-	2,273	47,780	22,296,895	25,285,371	75,392,948	75,407,153
ANZ OA OnePath Income Plus Trust												
ANZ Australian Cash Fund	3,651,505	3,084,141	0.32	0.22	1,513,279	291,708	939,819	2,309,887	108,714	127,668	3,624,612	3,056,506
ANZ OA OnePath Blue Chip Imputation Trust	4,925,323	12,398,093	0.92	2.29	689,367	1,006,671	9,006,587	13,574,892	282,513	883,926	4,350,099	12,258,560
ANZ OA OnePath Property Securities Trust	3,602,232	9,521,213	1.58	3.70	509,575	1,570,741	6,824,939	10,630,113	200,062	459,321	2,503,760	7,225,679
Mortgage Pool	11,737,112	32,302,108	12.29	12.28	-	-	-	-	21,717,260	24,605,240	73,446,412	73,446,412
OnePath Mortgage Backed Securities Pool Trust	-	6,514,069	-	1.67	32,608	1,250,841	6,551,343	5,393,639	-	264,988	-	6,502,460
ANZ OA OnePath Mortgage Trust												
Mortgage Pool	18,445,546	50,992,349	19.38	19.41	-	-	47,820	116,760	34,321,112	38,956,426	115,796,176	116,094,858
Income Plus Trust												
ANZ Australian Cash Fund	711,049	649,550	0.06	0.05	277,846	39,537	215,236	460,771	21,779	26,596	705,812	643,730
ANZ OA OnePath Blue Chip Imputation Trust	993,963	2,541,698	0.19	0.47	116,270	357,883	1,838,242	2,965,613	57,621	183,198	877,878	2,513,093
ANZ OA OnePath Property Securities Trust	724,529	1,951,826	0.34	0.76	84,039	611,396	1,391,882	2,512,203	40,530	95,975	532,332	1,481,247
Mortgage Pool	2,409,597	6,625,999	2.52	2.52	-	-	-	-	4,452,648	5,044,765	15,058,576	15,058,576
OnePath Mortgage Backed Securities Pool Trust	-	1,335,194	-	0.34	6,684	339,834	1,342,835	1,202,110	-	55,438	-	1,332,815
Monthly Income Trust												
Mortgage Pool	7,259,367	19,998,464	7.60	7.60	-	-	14,114	26,641	13,437,503	15,244,556	45,405,391	45,463,543
OnePath AJ Mortgage Fund												
Mortgage Pool	735,432	2,025,349	0.77	0.77	-	-	-	-	1,362,191	1,543,337	4,606,845	4,606,845
OnePath Mortgage Trust No.2												
Mortgage Pool	9,184,511	25,309,151	9.62	9.62	-	-	11,900	65,293	17,015,140	19,300,087	57,482,159	57,549,511

11.6 Units in the Schemes held by related parties

Details of holdings in the Schemes by OnePath Funds Management Limited, other Schemes operated by OnePath Funds Management Limited and other related entities are set out below:

Name of entity Name of related entity	Fair value of unit holdings		% Interest		Units purchased/reinvested during the period		Units redeemed during the period		Distributions paid/payable		Number of units held	
	2014 \$	2013 \$	2014 %	2013 %	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014	2013
ANZ OA OnePath Income Plus Trust												
OnePath Life Limited (wholly owned subsidiary of ANZ)	-	118	-	-	-	-	122	-	-	-	-	102
Income Plus Trust												
OnePath Life Limited (wholly owned subsidiary of ANZ)	-	172	-	-	-	-	178	-	-	-	-	100

Notes to the Financial Statements for the financial year ended 30 June 2014

11.7 ANZ Securities - Related party investments

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

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

Name of entity	2014		2013	
	Value as at 30 June 2014 \$	Income received 30 June 2014 \$	Value as at 30 June 2013 \$	Income received 30 June 2013 \$
ANZ Mortgage Fund				
Cash and cash equivalents	658,694	27,141	2,058,839	71,125
ANZ OA OnePath Income Plus Trust				
Cash and cash equivalents	161,879	4,818	217,081	31,854
ANZ OA OnePath Mortgage Trust				
Cash and cash equivalents	548,191	16,451	750,303	32,260
Income Plus Trust				
Cash and cash equivalents	96,029	1,221	31,579	7,503
Monthly Income Trust				
Cash and cash equivalents	8,145	603	73,429	4,832
OnePath AJ Mortgage Fund				
Cash and cash equivalents	75,921	2,391	143,938	5,717
OnePath Mortgage Trust No.2				
Cash and cash equivalents	182,827	5,719	286,766	13,081

Notes to the Financial Statements for the financial year ended 30 June 2014

12. Investment assets of unconsolidated structured entities

The tables below describe the types of the investments of the underlying assets of the unconsolidated structured entities.

Investment Asset	Financial Statement Caption	ANZ Mortgage Fund		ANZ OA OnePath Income Plus Trust		ANZ OA OnePath Mortgage Trust		Income Plus Trust	
		Fair Value \$	Exposure %	Fair Value \$	Exposure %	Fair Value \$	Exposure %	Fair Value \$	Exposure %
Cash and Enhanced Cash	Financial assets held at fair value through profit or loss	5,514,383	55.00%	5,820,953	26.52%	8,447,121	55.00%	1,182,671	26.66%
Equity	Financial assets held at fair value through profit or loss	-	0.00%	4,900,971	22.33%	-	0.00%	980,426	22.10%
Fixed Interest	Financial assets held at fair value through profit or loss	100,262	1.00%	3,557,180	16.20%	153,584	1.00%	687,170	15.49%
Mortgage	Financial assets held at fair value through profit or loss	4,411,506	44.00%	4,300,000	19.59%	6,757,696	44.00%	874,451	19.71%
Property	Financial assets held at fair value through profit or loss	-	0.00%	3,372,683	15.36%	-	0.00%	711,137	16.03%
Derivatives	Financial assets held at fair value through profit or loss	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Alternative Assets	Financial assets held at fair value through profit or loss	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total		10,026,151	100.00%	21,951,787	100.00%	15,358,401	100.00%	4,435,855	100.00%

Investment Asset	Financial Statement Caption	Monthly Income Trust		OnePath AJ Mortgage Fund		OnePath Mortgage Trust No.2	
		Fair Value \$	Exposure %	Fair Value \$	Exposure %	Fair Value \$	Exposure %
Cash and Enhanced Cash	Financial assets held at fair value through profit or loss	3,324,421	55.00%	336,791	55.00%	4,206,039	55.00%
Equity	Financial assets held at fair value through profit or loss	-	0.00%	-	0.00%	-	0.00%
Fixed Interest	Financial assets held at fair value through profit or loss	60,444	1.00%	6,123	1.00%	76,473	1.00%
Mortgage	Financial assets held at fair value through profit or loss	2,659,536	44.00%	269,432	44.00%	3,364,831	44.00%
Property	Financial assets held at fair value through profit or loss	-	0.00%	-	0.00%	-	0.00%
Derivatives	Financial assets held at fair value through profit or loss	-	0.00%	-	0.00%	-	0.00%
Alternative Assets	Financial assets held at fair value through profit or loss	-	0.00%	-	0.00%	-	0.00%
Total		6,044,401	100.00%	612,346	100.00%	7,647,343	100.00%

The above tables list the fair value and the percentage exposure to each investment asset as at 30 June 2014. The exposure has been classified at underlying assets of each unconsolidated structured entity. The maximum exposure to loss is limited to the fair value of each investment asset as at 30 June 2014. The fair value of the exposure will change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed.

The investments of the Schemes are managed in accordance with the investment mandates with the respective underlying investment managers. The investment decisions of the Schemes are made by the investment managers based on their analysis. The return of the Schemes is exposed to the variability of the performance of the underlying investment assets. The underlying investment managers receive a management fee for undertaking the management of these investments.

13. Custodian

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

14. Commitments and contingencies

There were no commitments or contingencies for the Schemes as at the reporting date (30 June 2013: Nil).

Notes to the Financial Statements for the financial year ended 30 June 2014

15. Suspended Schemes

The table below details Schemes that remain suspended as at reporting date:

Scheme	Date suspended
ANZ Mortgage Fund	24 October 2008
ANZ OA OnePath Income Plus Trust	24 October 2008
ANZ OA OnePath Mortgage Trust	24 October 2008
Income Plus Trust	24 October 2008
Monthly Income Trust	24 October 2008
OnePath AJ Mortgage Fund	24 October 2008
OnePath Mortgage Trust No. 2	24 October 2008

15.1 Information on suspended Schemes

Other than past redemption windows and hardship withdrawal requests, during the period of suspension, the Schemes do not accept redemption requests. Despite the suspension, the assets of the Schemes continue to be managed and the Schemes continue to be priced daily. Further, the Schemes have paid and will continue to pay distributions where distributable income becomes available. When income is not available, return of capital payments are distributed to unitholders. As at the reporting date it is uncertain as to when these suspensions will be lifted.

15.2 Mortgage Pool and Schemes investing into the Mortgage Pool

Surplus liquidity in the Mortgage Pool is returned to unitholders via a mechanism of compulsory quarterly capital distributions which was approved by the Board in 2011.

The following Schemes invest substantially in the Mortgage Pool:

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

The ability of these Schemes to satisfy unitholder redemption requests is dependent upon the ability to call upon liquidity available in the Mortgage Pool. Due to the suspension of the Mortgage Pool, these Schemes also remain illiquid and suspended.

Available liquidity is returned in the form of a capital repayment to all investors on a pro rata quarterly basis. At this stage the Schemes remain suspended, however, they are not being terminated. OnePath is still considering the long term approach in relation to the Schemes. Any changes to the current status will be informed to investors.

This does not affect the processing of applications for financial hardship. Claims will continue to be processed in accordance with current procedures.

16. Significant events during the financial period

There have been no significant changes in the state of affairs of the Schemes for the financial year ended 30 June 2014.

17. Events subsequent to reporting date

There are no significant events that have occurred since the financial year ended 30 June 2014 which have a material effect on these financial statements or the Schemes' results and operations.

Directors' Declaration

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

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

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 of the Schemes, set out on pages 5 to 37 are in accordance with the *Corporations Act 2001*, including:
 - 1.1 giving a true and fair view of each of the Schemes' financial position as at 30 June 2014 and their performance, as represented by the results of their operations and cash flows for the financial year ended on that date.
 - 1.2 complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulation 2001*.
 - 1.3 complying with International Financial Reporting Standards as indicated in Note 2.1.
2. There are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.
3. The financial statements and notes of the Schemes, set out on pages 5 to 37 are prepared in accordance with the provisions of the Schemes' Constitutions.

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



Director

Sydney

5 September 2014



Independent Auditor's Report

To the unitholders of the following Schemes ('the Schemes'):

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

Report on the financial reports

We have audited the accompanying financial reports of the Schemes, which comprise the Statements of Financial Position as at 30 June 2014, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year ended on that date, Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Directors' responsibility for the financial reports

The directors of OnePath Funds Management Limited ('the Responsible Entity') are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial reports that are free from material misstatement, whether due to fraud or error. In Note 2, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial reports based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Accounting Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial reports. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Schemes' preparation of the financial reports that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Schemes' internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial reports.

We performed the procedures to assess whether in all material respects the financial reports present fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Schemes' financial position, and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



Independent Auditor's Report

Auditor's opinion

In our opinion:

(a) the financial reports of the Schemes are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Schemes' financial positions as at 30 June 2014 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial reports also comply with International Financial Reporting Standards as disclosed in Note 2.

KPMG

P Ruiz

Partner

Sydney

5 September 2014



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 Schemes:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014, 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.

KPMG

P Ruiz

Partner

Sydney
5 September 2014

Contact details for the Schemes

Customer Services



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Auditor

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