

OneAnswer – Changes to investment structure for Vanguard Funds

PRODUCT UPDATE | MAY 2016

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

This change is simply related to the way we access underlying investments, it does not change the investment objectives or strategies of the funds.

The change in structure occurred in late April 2016.

The new structure is reflected in the OneAnswer Product Disclosure Statement (PDS) dated 2 May 2016.

Which OneAnswer investment funds are impacted?

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

Which OneAnswer products are impacted?

Vanguard investment funds (referred to as 'the Funds') may be offered through the OneAnswer range of products, outlined below.

- ANZ OneAnswer Investment Portfolio (including Frontier)
- ANZ OneAnswer Personal Super (including Frontier)
- ANZ OneAnswer Allocated Pension (including Frontier and including Term Allocated Pension).

When are the changes effective?

Underlying investments of the Funds were restructured in April 2016 and are now effective.

What do the changes in investment structure mean for investors?

These changes impacted investors in the investments listed above. Investors do not need to do anything as the change occurred at the underlying investment fund level.

Investors would not have seen any changes in the number of units they hold or any transactions appearing on their account. The unit prices of the Funds have continued following the change, i.e. prices were not restarted or reset.

What is the benefit of the new structure?

The new structure is more efficient for OnePath to manage and will ensure service improvements for investors. OnePath is now able to strike unit prices within one day instead of two, and process the distributions of income and capital in a shorter time frame.

Are there any changes to the investment fund names?

No, there will be no changes to the investment fund names.

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

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

Are there any changes to Ongoing Fees?

There will be no change to Ongoing Fees for investors.

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

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

Please refer to the OnePath website at onepath.com.au>Performance & updates for up to date buy/sell spreads.

Are there any costs associated with the restructure?

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

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

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

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

For ANZ OneAnswer Investment Portfolio, capital gains (if any) will be distributed to investors effective 30 June 2016 or earlier if determined to be appropriate. Such capital gains are generally taxable in the hands of the investor at their marginal tax rate.

Any questions?

If you have any questions or require further information, please:

- speak with your financial adviser
- call Customer Services on 13 38 63, weekdays between 8.30am and 6.30pm (AEST)
- email anz.investment@onepath.com.au