investor update

July 2016

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WELCOME

Welcome to your 2016 Investor update

A new look and a better way to keep up to date with your account.

ACCESS MORE INVESTOR INSIGHTS ONLINE

Do you know that you can access the information in this update and more investor insights online? Our new online version of this update can be viewed on any device. So whether you're on your smartphone, tablet or desktop, it's now even easier to access important product information and investment insights. Plus there are tips on how to make the most of your super.

INVESTMENT PERFORMANCE

In this edition, our Chief Investment Officer Stewart Brentnall shares his insight on what has been affecting markets and how this is impacting your investment performance. The volatility we're seeing in the market can make some members nervous, particularly since 'Brexit' (the UK vote to leave the European Union), so we've got some information to help you hold your nerve. At times like these it's always important to take a long term perspective, rather than focus on day to day market fluctuations.

As always, we recommend the best way to stay abreast of changes and to maximise your financial future is to regularly meet with your financial adviser. In our view, the need for regular financial advice is paramount and plays a key role in ensuring that your long-term financial goals can be achieved.

We hope you enjoy this edition of your Investor update. Thank you for choosing us for your super, investment and retirement needs. We look forward to continuing to effectively manage your investments well into the future.

Mark Pankhurst
Head of Superannuation
ANZ Wealth

WHAT HAS SHAPED YOUR INVESTMENT PERFORMANCE?

Stewart Brentnall, ANZ Wealth's Chief Investment Officer, looks at the factors driving investment markets so you can see what has been shaping your investment returns.

For more up to date market information go to onepath.com.au/markets

While economic stimulus measures helped make investors feel more confident about markets towards the end of May, we need to keep in mind why such stimulus was needed in the first place. This is because the risks to growth and earnings remain.

- **Softer developed-world growth**
  While developed economies are still growing, the rate of growth is likely to be below average for the rest of 2016. While interest rates remain very low, high indebtedness is holding back spending and weak population growth slows the potential growth of these economies.
- **Company profit tensions**
  There is a direct relationship between global growth and likely company profit margins and earnings, which is what shapes share market performance. At the moment the market's future expectations are too optimistic given that we think global growth will remain moderate. It is likely that return prospects will be weak unless earnings growth really picks up or share-price expectations rise relative to earnings per share – we think both of these scenarios are unlikely given the current environment.

This year, many markets had one of their worst starts on record. By mid-year, central bank activity had propped up economic growth and commodity prices rebounded as a result. Since then, the recent UK vote to leave the European Union (EU) has sent shudders through investment markets once again. So what will happen from here? Let's look at some of the factors likely to drive your investments for the remainder of this year.

- **China's economy is still transforming**
  China is moving from a traditional economy, with growth led by the industrial sector, to a more modern economy with more growth driven by the services sector and household consumption. Recent government stimulus has helped support growth in the industrial sector at a time when services growth has slowed. On top of this, China's corporate debt burden is high, with the recent economic stimulus injected into the economy (in the form of measures such as easier money supply) adding to the debt burden. This raises concerns about the sustainability of the short-term rebound in markets.

  We can also see that many emerging market economies, such as India, Brazil, Russia and Malaysia, have significant debt burdens. This means financial sector stress is something to watch in these regions.

- **Commodity price pressures**
  While commodity prices have staged some recovery from their January lows, there is currently more than adequate supply across most commodities. This suggests we are unlikely to see further price rises in commodities. Renewed weakness is likely for iron ore in particular and this may exert some further downward pressure on the Australian dollar later this year.

Investment markets were surprised by 'Brexit' – the UK vote to leave the European Union (EU) at the end of June. We have seen falls in share markets and bond yields along with significant moves in currencies.

We came into Brexit already holding a defensive investment position supported by our concerns about the factors we have outlined above. While Brexit will intensify these pre-existing concerns, it does not itself significantly change our assessment of the global economic outlook. Longer-term implications very much depend upon any further EU member states moving to leave. This, along with the actual exit process of the UK from the EU, may take years, not months, to play out.

How are we managing your investments?

The additional uncertainty and volatility require a keen focus on the shifting risks and return opportunities in financial markets today.

Overall we have become more defensive in our strategy – we lowered the amount we hold in growth assets and riskier investments such as shares, earlier this year. This is because the local and global economies are expanding at only a moderate pace and this is likely to have a negative impact on company profits and share prices.

We have also been concerned about the need for central banks to take unprecedented measures to boost economic growth. In Europe and Japan they currently have negative interest rates, and in the US the Federal Reserve is in the process of slowly raising rates from zero. Both of these factors are likely to depress the expected returns from bonds so we have allocated a higher than usual amount to cash to protect investors.

The Brexit vote and its implications also support our strategy of caution to growth assets but does not change it. Opportunities may emerge to shift to a somewhat less defensive strategy if growth assets continue to weaken in the weeks ahead. However, we are not at that point as yet and remain cautious as markets continue to digest the implications of the Brexit vote.

With all this uncertainty and volatility within financial markets, some investment portfolios have experienced weak returns over the past year. However, it's important to remember that superannuation is a long-term investment to achieve retirement goals, rather than an investment focused on short-term returns.

As always, your financial adviser is best placed to guide you on the right mix of assets for your personal situation.

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SOCIAL SECURITY

Will the Social Security Pension changes affect you?

The Government is making key changes to means testing for Social Security pensions (including the Age Pension), which will take effect 1 January 2017.

If you currently receive a full or part pension, or intend to retire soon, you should be aware of how the changes could impact your entitlements. There are some strategies to lessen the impact.

Go online to find out more today.

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Optimised for your mobile and easy to read.
Access more financial insights, tips and ideas at **onepath.com.au/investorupdate**

RETIREMENT

The million dollar super question

What is the price of a comfortable retirement? To retire without financial stress you need to get real with your sums.

Go online to find out more today.

onepath.com.au/investorupdate

PLANNING

Plan now and get ahead

Boosting your super is always a good strategy, and the start of a new financial year is a great time to take stock.

Super is often the biggest source of retirement savings. There are some great strategies you can put in place today to improve your future retirement outlook.

With a new financial year beginning, it's a great time to put spare cash to work in your super fund. That's because your super is taxed at concessional (or lower) rates, leaving you more to play with when you retire.

Go online to find out more today.

onepath.com.au/investorupdate

HOW WOMEN CAN IMPROVE THEIR SUPER

Want to give your future self something to cheer about? Here are five ways to get your super working harder.

We all know that our super is important. But do you realise how important it is for women in particular? As women live longer, take career breaks and earn less than men, on average they have significantly less super.

These are powerful reasons to get serious about growing your super. The good news is there are some easy and quick ways to do it:

- consolidate accounts
- review your investment options
- add extra to super
- take advantage of government perks
- check your life insurance.

Go to **women.anz.com/discover-and-grow/shape-up-your-super** to read the full article.

THE BIG CHANGES IN THE FEDERAL BUDGET

As the Australian population ages, key issues around preparedness for retirement have become more important than ever.

Superannuation is the big focus of the Government's 2016-17 budget. It proposes to introduce a raft of changes it claims will refocus super on supporting those at risk of relying on the age pension. The proposed measures apply from 1 July 2017 unless otherwise stated.

In delivering the budget, Treasurer Scott Morrison identified tax concessions for the wealthy were his target, but said "96 per cent of Australians with super will be unaffected by or be better off as a result of the superannuation changes we have announced".

These proposals need to successfully pass through Parliament before becoming law and may be subject to change during this process.

KEY CHANGES

Super contributions receiving tax concessions will be limited to $25,000 a year. If you want to contribute any more than that penalties will apply. (For those aged under 50 this is currently $30,000 and $35,000 for those aged 50 and over.)

Over a lifetime, the government will limit non-concessional contributions to $500,000, a big adjustment from the current limit of $180,000 a year (or $540,000 for those able to use the bring-forward rule). Non-concessional means after-tax contributions to super that are not taxed in the super fund.

If passed into legislation, this new limit takes effect from 3 May 2016, taking into account non-concessional contributions made since 1 July 2007.

Restrictions on who can make personal deductible contributions to super have been eased. Anyone up to 75 years of age can now claim income-tax deductions for their personal super contributions, though the concessional limit of $25,000 still applies. This is particularly helpful for those who can't use salary-sacrifice arrangements.

HIGH-INCOME EARNERS

High-income earners have been impacted by super tax concession limits and a general curbing on contributions into superannuation.

The threshold at which high-income earners pay 30 per cent tax on super contributions will be lowered from $300,000 to $250,000. This change will limit the tax concessions provided to high-income earners.

Of the super that is accumulated, the amount that can be moved into tax-free retirement-phase accounts has been capped at $1.6 million. This will limit the extent to which the tax-free benefits of retirement phase accounts can be used by high-wealth individuals.

Earnings from assets that support 'transition-to-retirement income streams' will no longer be tax exempt from 1 July 2017.

LOW-INCOME EARNERS

Low-income earners will benefit from a superannuation tax offset. Those earning $37,000 or less who make concessional contributions to their super will receive a tax benefit capped at $500 to offset the tax paid on those contributions. This will replace the low-income superannuation contribution scheme which ceases on 30 June 2017.

Similarly, more taxpayers who contribute to a low-income earning spouse's account will be eligible for the spouse contribution tax offset because of the increase in the income threshold for the low-income spouse from $10,800 to $37,000. The low-income spouse tax offset provides up to $540 each year for the contributing spouse.

LOW BALANCE

Those with a super balance less than $500,000 and who have not reached their $25,000 concessional contribution cap in previous years are able to carry forward unused amounts. Unused amounts accrued from 1 July 2017 may be carried forward on a rolling basis for a period of five consecutive years.

This will particularly help those that make lower contributions as a result of interrupted work patterns or those who cannot make uniform contributions every year.

OLDER AUSTRALIANS

Those aged 65 to 74 will not be restricted from making super contributions for their retirement, beginning 1 July 2017. They'll no longer have to satisfy a work test and will be able to receive contributions from their spouse.

For more information on the budget proposals and how they may impact you, go to budget.gov.au, refer to the Federal Budget 2016/17 update at onepath.com.au > Personal > Performance & updates > Product updates, and speak to your financial adviser.

IMPORTANT CHANGES AND INFORMATION

01 INVESTMENT PERFORMANCE

This information is relevant to Allocated Annuity, Deferred Annuity, DIY Super Investments, Future Plans, PLUS Range, Pooled Investment Plan, RetireInvest Preferred Rollover Bond and Traditional Policies (Endowment and Whole of Life) only.

Actual yearly return is as at 30 June (% p.a.) unless otherwise stated and net of management fees. Please note that the returns for the investment funds below may differ from your personalised return. Your personalised return takes into consideration the transactions that have occurred on your individual account, as well as changes in the value of your investment over the statement period.

Superannuation

Deferred Annuity and DIY Super Investments

Investment fund	Fee option	One year return	Five year return	Ten year return
OnePath Capital Guaranteed	Entry Fee	3.85%	4.48%	3.42%

One year return for the OnePath Capital Guaranteed fund is the declared rate.

PLUS Range and Traditional Policies

Investment fund	Fee option	One year return	Five year return	Ten year return
PLUS Range	n/a	5.75%	6.64%	5.09%
Traditional Policies*	n/a	5.50%	5.00%	4.90%

One year return for the PLUS range and Traditional policies is the declared rate.

RetireInvest Preferred Rollover Bond Investment

Investment fund	Fee option	One year return	Five year return	Ten year return
OnePath Capital Guaranteed	Entry Fee	4.60%	5.23%	2.74%

Retirement

Allocated Annuity

Investment fund	Fee option	One year return	Five year return	Ten year return
OnePath Capital Guaranteed	Entry Fee	4.95%	5.63%	4.32%

One year return for the OnePath Capital Guaranteed fund is the declared rate.

Investments

Investment Savings Bond Future Plans and Pooled Investment Plan

Investment fund	Fee option	One year return	Five year return	Ten year return
OnePath Capital Guaranteed	Entry Fee	2.75%	3.36%	2.60%

One year return for the OnePath Capital Guaranteed fund is the declared rate.

PLUS Range and Traditional Policies

Investment fund	Fee option	One year return	Five year return	Ten year return
PLUS Range	n/a	8.00%	9.21%	8.39%
Traditional Policies*	n/a	1.50%	2.06%	3.03%

One year return for the PLUS range and Traditional policies is the declared rate Investments can go up and down. Past performance is not indicative of future performance. Whilst every care has been taken in the preparation of this information, no warranty is given as to the accuracy of the information contained in the investment returns table and no liability is accepted by OnePath Custodians, OnePath Life or any related body corporate for any error or omission.

* A terminal bonus as a percentage of the surrender value of your policy (30% for investments and 25% for superannuation) is currently payable on exit from Participating Traditional Policies. This is not guaranteed and may be varied or discontinued at any time on advice of the Appointed Actuary.

02 YOUR ANNUAL REPORT IS AVAILABLE ONLINE

In line with OnePath's ongoing commitment to reducing our impact on the environment, your Annual Report will be available online in December at onepath.com.au > Personal > Forms & brochures > Find a form or brochure. If you would like to receive a hard copy (free of charge), please contact us on 133 665.

03 OPTIMIX AND ONEPATH DIVERSIFIED FUNDS: REVIEW OF ASSET RANGES

Following a recent review of the OptiMix and OnePath diversified funds' strategic asset allocation ranges, an increase in the range for diversified funds was implemented, effective 31 May 2016.

Change in the asset allocation range for the Funds

The increase in the asset allocation ranges provides an enhanced ability to add value to the Funds' portfolio through the active asset allocation process, and will also improve portfolio management efficiency. (Active asset allocation is the process of increasing or decreasing exposure to relevant asset classes within permitted strategic asset allocation ranges).

This change is to ensure the Funds can continue to meet their investment objectives and deliver more consistent returns and manage downside risks more effectively by allowing increased flexibility in making active asset allocation decisions. It will not change the Funds' investment strategies, investment objectives or level of investment risk. There will be no changes to benchmark allocations at this time.

Strategic asset allocation by fund

The revised strategic asset allocation ranges for each of the Funds are outlined in the tables below.

OptiMix Conservative / RI Preferred Rollover Bond – Capital Stable

Asset Class†	Previous			New effective 31 May 2016		
	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	20	13	27	20	7	43
Australian fixed interest	18	10	25	18	5	31
International fixed interest	20	12	28	20	7	33
Global Property/ Infrastructure Securities	3	0	10	3	0	12
Australian Shares	12	5	19	12	0	25
International Shares	10	2	18	10	0	23
Alternative assets	17	5	29	17	5	29

† The maximum exposure to growth assets for the OptiMix Conservative fund is 42%. International shares may include exposure to emerging market and/or global small cap securities.

OptiMix Moderate

Asset Class†	Previous			New effective 31 May 2016		
	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	8	0	16	8	0	31
Australian fixed interest	14	6	22	14	0	32
International fixed interest	17	9	25	17	0	35
Global Property/ Infrastructure Securities	3	0	11	3	0	12
Australian Shares	20	12	28	20	2	38
International Shares	19	10	28	19	1	37
Alternative assets	19	5	33	19	5	33

† The maximum exposure to growth assets for the OptiMix Moderate fund is 64%. International shares may include exposure to emerging market and/or global small cap securities.

OptiMix Balanced / RI Preferred Rollover Bond – Balanced

Asset Class†	Previous			New effective 31 May 2016		
	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	4	0	12	4	0	27
Australian fixed interest	8	0	16	8	0	31
International fixed interest	9	1	17	9	0	32
Global Property/ Infrastructure Securities	3	0	12	3	0	12
Australian Shares	29	20	38	29	6	52
International Shares	27	18	36	27	4	50
Alternative assets	20	6	34	20	6	34

† The maximum exposure to growth assets for the OptiMix Balanced fund is 84%. International shares may include exposure to emerging market and/or global small cap securities.

OptiMix Growth / RI Preferred Rollover Bond – Growth

Asset Class†	Previous			New effective 31 May 2016		
	Benchmark (%)	Min Range (%)	Max Range (%)	Benchmark (%)	Min Range (%)	Max Range (%)
Cash	0	0	9	0	0	23
Australian fixed interest	4	0	13	4	0	27
International fixed interest	6	0	14	6	0	29
Global Property/ Infrastructure Securities	3	0	12	3	0	12
Australian Shares	35	26	44	35	12	58
International Shares	34	24	44	34	11	57
Alternative assets	18	4	33	18	4	33

† International shares may include exposure to emerging market and/or global small cap securities.

OptiMix High Growth

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	0	0	9	0	0	23
Australian fixed interest	0	0	9	0	0	23
International fixed interest	0	0	9	0	0	23
Global Property/ Infrastructure Securities	3	0	13	3	0	12
Australian Shares	43	33	53	43	20	66
International Shares	42	31	53	42	19	65
Alternative assets	12	3	28	12	3	28

† International shares may include exposure to emerging market and/or global small cap securities.

OnePath Balanced

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	8	0	16	8	0	31
Australian fixed interest	14	5	23	14	0	32
International fixed interest	17	8	26	17	0	35
Global Property/ Infrastructure Securities	3	0	11	3	0	12
Australian Shares	20	12	28	20	2	38
International Shares	19	10	28	19	1	37
Alternative assets	19	5	33	19	5	34

† The maximum exposure to growth assets for the OnePath Balanced fund is 64%. International shares may include exposure to emerging market and/or global small cap securities.

OnePath Managed Growth

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	4	0	12	4	0	27
Australian fixed interest	8	0	17	8	0	31
International fixed interest	9	0	18	9	0	32
Global Property/ Infrastructure Securities	3	0	12	3	0	12
Australian Shares	29	20	38	29	6	52
International Shares	27	18	36	27	4	50
Alternative assets	20	6	34	20	6	33

† The maximum exposure to growth assets for the OnePath Managed Growth fund is 84%. International shares may include exposure to emerging market and/or global small cap securities.

OnePath High Growth

Asset Class†	Previous Benchmark (%)	Previous Min Range (%)	Previous Max Range (%)	New effective 31 May 2016 Benchmark (%)	New Min Range (%)	New Max Range (%)
Cash	0	0	9	0	0	23
Australian fixed interest	0	0	9	0	0	23
International fixed interest	0	0	9	0	0	23
Global Property/ Infrastructure Securities	3	0	13	3	0	12
Australian Shares	43	33	53	43	20	66
International Shares	42	32	52	42	19	65
Alternative assets	12	3	28	12	3	28

† International equities may include exposure to emerging market and/or global small cap securities.

04 TERMINAL MEDICAL CONDITION

The following investment and regulatory information is relevant for members with a super account or a pension account with preserved or restricted non-preserved benefits.

Early access to superannuation for people with terminal medical condition from 1 July 2015

The Government has amended the provision for accessing superannuation for people suffering a terminal medical condition. This amendment will extend the life expectancy period from 12 months to 24 months.

Possible implications to consider

If you have failed to obtain the required medical certification to meet the terminal illness definition due to the restrictions of the 12 month rule, consider obtaining new medical certification. Whilst the change will allow earlier access to your super it may not provide earlier access to any terminal illness insurance benefits as part of your super.

If you have insurance within your super, it is important to understand the terms and conditions. Consider maintaining some money in your super account to keep the account open and to pay insurance premiums. Withdrawing your full balance could result in the loss of valuable insurance cover.

05 OPTIMIX INSURANCE UPDATE

From 2 May 2016, there was a change to the insurance cover available through OptiMix Superannuation. We no longer offer new Death only and Death and Total and Permanent Disablement (TPD) cover via the Customised insurance option. However, you can continue to apply for new insurance cover through the fully featured, award-winning OneCare Super.

OneCare Super allows you to tax effectively pay your insurance premiums from your OptiMix Superannuation account. OneCare Super is designed to provide comprehensive and flexible protection with a range of cover including Life (also known as 'Death'), TPD, Income Secure and Extra Care cover.

For more information about OneCare Super please refer to the OneCare Product Disclosure Statement available at onepath.com.au or speak to your financial adviser.

What do you need to do?

If you are considering taking out insurance cover, we recommend that you speak to your financial adviser who can provide advice based on your personal circumstances.

If you already have insurance cover via our Customised insurance option, your cover is not affected. We will continue to administer your insurance cover for you after the date of the change. You can continue to apply to increase or change your cover in accordance with the terms of the policy.

06 UPDATES TO YOUR DUTY OF DISCLOSURE

The information relating to insurance contained in this document is provided for summary purposes only. Please refer to the relevant PDS for details of insurance cover. To the extent of any inconsistency with the relevant insurance policies, the terms and conditions of the policies will prevail.

The *Insurance Contracts Amendment Act 2013* (Cth) has amended the *Insurance Contracts Act 1984* (Cth) as it relates to an insured's 'Duty of Disclosure' to an Insurer.

What is the new Duty of Disclosure?

Duty of disclosure

The Trustee who enters into a life insurance contract in respect of your life has a duty, before entering into the contract, to tell the Insurer anything that it knows, or could reasonably be expected to know, may affect the Insurer's decision to provide the insurance and on what terms.

The Trustee has this duty until the Insurer agrees to provide the insurance.

The Trustee has the same duty before they extend, vary or reinstate the contract.

The Trustee does not need to tell the Insurer anything that:

- reduces the risk the Insurer insures you for; or
- is of common knowledge; or
- the Insurer knows or should know as an Insurer, or
- the Insurer waives your duty to tell the Insurer about.

You must disclose relevant information

You must tell the Insurer, anything you know, or could reasonably be expected to know, that may affect the Insurer's decision to provide the insurance and on what terms.

If you do not do so, this may be treated as a failure by the Trustee to tell the Insurer something that the Trustee must tell the Insurer.

If you provide relevant information to the Trustee rather than the Insurer, the Trustee will provide the information you give the Trustee to the Insurer. The Trustee will do this so that you comply with your obligation to provide relevant information to the Insurer.

If you do not tell the Insurer something

In exercising the following rights, the Insurer may consider whether different types of cover can constitute separate contracts of life insurance. If they do, the Insurer may apply the following rights separately to each type of cover.

If the Trustee does not tell the Insurer anything the Trustee is required to, and the Insurer would not have provided the insurance or entered into the same contract with the Trustee if the Trustee had told the Insurer, the Insurer may avoid the contract within three years of entering into it.

If the Insurer chooses not to avoid the contract, the Insurer may, at any time, reduce the amount of insurance provided. This would be worked out using a formula that takes into account the premium that would have been payable if the Trustee had told the Insurer everything it should have. However, if the contract provides cover on death, the Insurer may only exercise this right within three years of entering into the contract.

If the Insurer chooses not to avoid the contract or reduce the amount of insurance provided, the Insurer may, at any time vary the contract in a way that places the Insurer in the same position it would have been in if the Trustee had told the Insurer everything it should have. However, this right does not apply if the contract provides cover on death.

If the failure to tell the Insurer is fraudulent, the Insurer may refuse to pay a claim and treat the contract as if it never existed.

What do I need to do?

If you submit an application for new insurance cover or you make an alteration to existing insurance cover, you will need to ensure you disclose all relevant information to the Trustee and the Insurer on your application in accordance with the 'Duty of Disclosure' section on page 17.

07 ANNUAL AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY (APRA) LEVY AND STRONGER SUPER LEVY

APRA Levy

In 2013, we notified you that the Federal Government increased the APRA Levy paid each year by all APRA regulated superannuation funds and that this would be recovered on an annual basis.

We wish to notify you that OnePath Custodians Pty Limited (Trustee) have recovered this year's Levy. This was applied as an asset-based levy of 0.01% against the investments of the OnePath MasterFund in the 2015/16 financial year. The total amount recovered was not more than the actual Government charged APRA Levy for 2015/16.

The amount of the APRA Levy recovers the general operational costs of APRA, as well as some of the costs associated with implementing the Government's 'SuperStream' reforms. As you may be aware, the SuperStream reforms are designed to support the superannuation system to operate more efficiently for the benefit of members.

The APRA Levy is an expense to the OnePath MasterFund and is applied each year. The component of the APRA Levy related to SuperStream will cease in 2018.

Stronger Super Levy

To cover some of the costs incurred to comply with the Government's 'Stronger Super' reforms and consistent with the approach taken by many superannuation funds across the industry, the Trustee has also approved an asset-based levy of 0.03% to be applied against the investments of the OnePath MasterFund in the 2015/16 financial year.

The Stronger Super Levy is an expense to the OnePath MasterFund and is applied each year.

What does this mean for you?

The Trustee recovers the APRA Levy and Stronger Super Levy by deducting the levies from the unit price of each investment option (excluding cash, term deposits and guaranteed products, which do not have a unit price).

The recovery for the year ending 30 June 2016 occurred on 9 June 2016. The total impact of both levies on members was 0.04% of the value of the unitised investment options. For example, a member with a balance of $50,000 paid less than $20.00.

The APRA Levy and Stronger Super Levy for future years will continue to be assessed, communicated and if applicable, charged annually.

What do you need to do?

The Levy and unit price adjustment took place automatically. This notice is for your information only and does not require a response.

08 EMPLOYER CONTRIBUTION OBLIGATIONS FOR SUPERSTREAM COMPLIANCE

SuperStream is a government reform aimed at improving the efficiency of the superannuation system. As part of the SuperStream reforms, employers must make super contributions on behalf of their employees by submitting data and payments electronically in a consistent and simplified manner prescribed by the Australian Tax Office (ATO).

When does your employer have to start using SuperStream?

All large to medium-sized employers (with 20 or more employees) were required meet their SuperStream obligations from 31 October 2015. Small employers (fewer than 20 members) are required to comply from 28 October 2016.

What does this mean for you?

SuperStream is a significant benefit for employers and their employees as it simplifies the employer super contribution experience by streamlining how payments can be made. Your employer should liaise directly with the ATO in relation to the specific requirements.

What do you need to do?

You do not need to do anything, the obligation for compliance is with your employer, however payments received by employers that do not comply with SuperStream obligations may be rejected.

09 ARE YOUR CONTACT DETAILS UP TO DATE? IT'S IMPORTANT TO STAY IN TOUCH!

It is important that you stay in touch with us and keep your account active, so you do not become 'lost'.

You may be classified as a 'lost member' if

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

We are required to report 'lost members' to the ATO. Additionally, we are required to transfer a lost member's account to the ATO if:

- the account balance is less than $4,000 ($6,000 from 31 December 2016)
- we have insufficient records to pay an amount to the member.

If your account does become 'lost' and paid to the ATO you will lose any insurance associated with the account, and will need to contact the ATO about payment options.

To update your contact details please call or email us.

10 ANNUAL STATEMENTS FOR SUPER – ADDITIONAL EXPLANATORY NOTES

The following explanatory notes are to be read together with your 2016 Annual Statement for your super account. If you have any further questions about your Annual Statement, please speak to your financial adviser or call Customer Services on 133 665.

Contributions tax

Contributions tax of 15% will apply to any contributions that you claim as a personal tax deduction (subject to a valid 'Notice of intent to claim a tax deduction' form) or contributions made by your employer (including salary sacrifice contributions).

In calculating the amount of tax payable we may make allowance for deductions available to the fund on transactions such as the payment of insurance premiums.

If you are claiming a tax deduction for personal contributions that you made in the Annual Statement period, the related contributions tax will only appear in the Annual Statement if we received your 'Notice of intent to claim a tax deduction for ' form by the date requested and the notice has been acknowledged by the Trustee.

Tax at a rate of 15% also applies to the untaxed element of a roll-over superannuation benefit and certain foreign super fund transfers. The tax payable is shown on your Annual Statement.

Additional tax for high income earners (Division 293 tax)

An additional 15% tax may apply to certain concessional contributions if your adjusted taxable income exceeds $300,000. For further information please visit www.ato.gov.au or speak to your adviser.

Preservation status

Unrestricted Non-Preserved Benefit is the amount of the withdrawal benefit at the close of the reporting period that you can access at any time.

Restricted Non-Preserved Benefit is the amount of the withdrawal benefit at the close of the reporting period that you can access, if you leave an employer who has contributed to this fund on your behalf, or when preserved benefits are payable.

Preserved Benefit is the amount of withdrawal benefit at the close of the reporting period required to be preserved by the Trust Deed and super legislation governing your benefits. Generally, you cannot access this amount until age 65, or once you have reached your preservation age (between age 55 and 60, depending on your date of birth) and you have retired.

The total of the preservation components is net of withdrawal fees and contributions tax payable on contributions that were made up to the end of the reporting period. Please note: where no-TFN contributions tax is payable, the total of the preservation components will differ from the withdrawal amount as no-TFN contributions tax payable is deducted from the withdrawal amount and not from the preservation components.

Super Guarantee (SG) Allocation

The Super Guarantee Allocation is the amount of employee entitlement paid by the Australian Taxation Office (ATO) representing a superannuation guarantee shortfall and any interest for the shortfall. This amount includes the 9.5% (for 2015/16) obligation and any interest earned. The Super Guarantee Allocation may appear on your Annual Statement as either an addition or deduction. An addition represents a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid Super Guarantee Allocation by the ATO. This Super Guarantee Allocation amount is determined by the ATO, so you should speak to your financial adviser or contact the ATO in relation to the amount paid.

Government contribution

Government contributions can include Government co-contribution and Low Income Super Contribution (LISC). The Government co-contribution is an incentive from the Australian Government designed to assist eligible individuals to save for their retirement. If you are working, your income is less than $50,454 p.a. for 2015/16, or $51,021 p.a. for 2016/17, and you make personal contributions to super you may be eligible for a Government co-contribution. The maximum co-contribution is $500 and reduces once your income exceeds $35,454 for 2015/16 and $36,021 for 2016/17. The ATO will pay 50 cents for every dollar of personal non-concessional contributions up to your maximum entitlement. Additional criteria must be satisfied to be eligible for the Government co-contribution.

The Low Income Super Contribution (LISC) effectively returns any tax paid (up to $500) on concessional contributions made in a financial year for a low income earner (an individual with an adjusted taxable income of $37,000 or less in an income year).

The co-contribution may appear on your statement as either an addition or deduction. An addition represents a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid co-contribution by the ATO. Conditions apply, so you should speak to your financial adviser or contact the ATO in relation to the amount paid.

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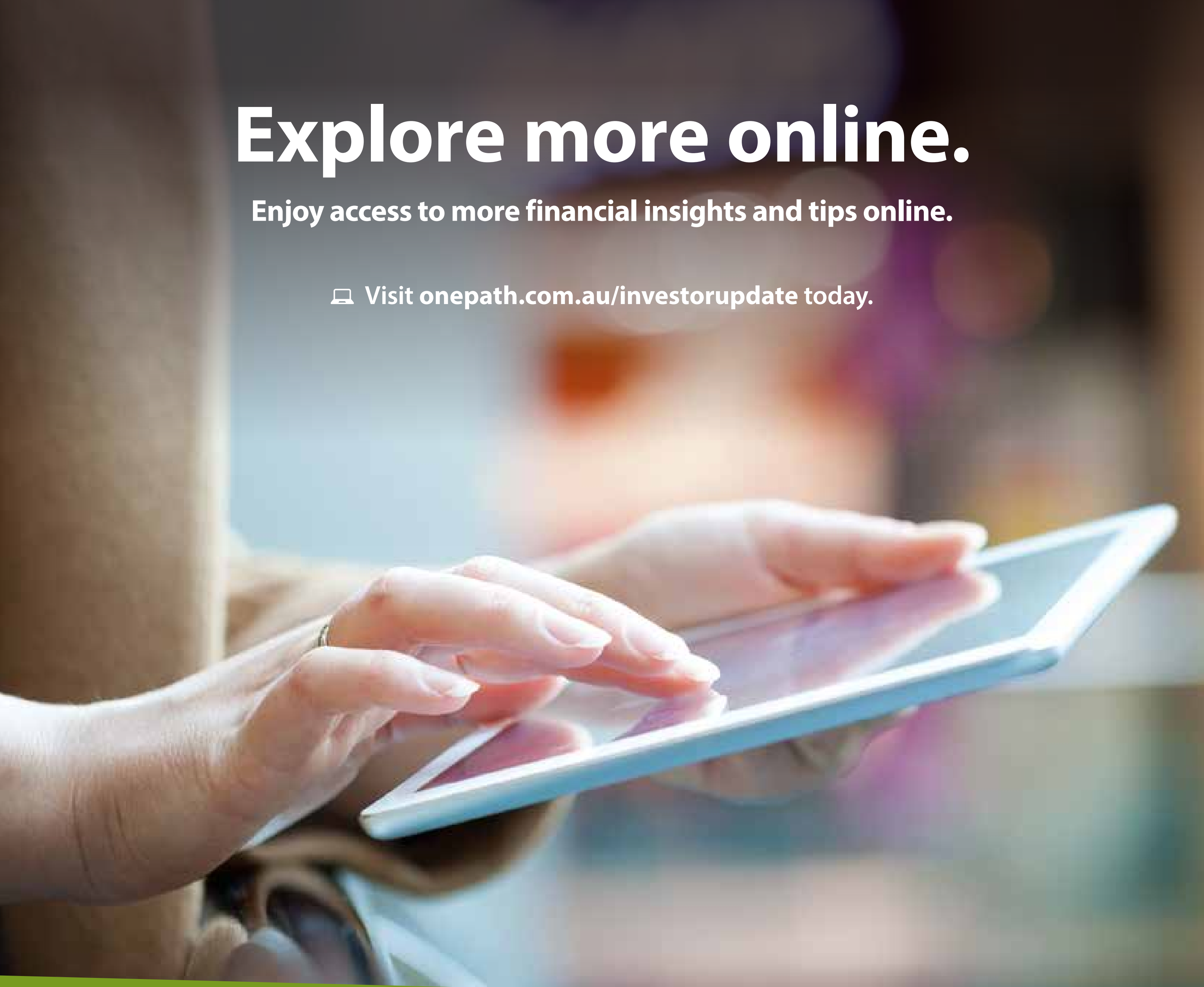

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