

Update – March 2014 return of capital from OnePath Mortgages and Income Plus Funds

APRIL 2014

Please be advised that there will be no return of capital from the OnePath Mortgages and Income Plus Funds (the “Funds”) during April 2014, as no large loans were repaid during the March 2014 quarter.

Will there be a monthly income distribution for March 2014?

Yes, monthly income distributions are continuing as normal and are not impacted by the return of capital payments. Income is generated from interest paid by borrowers and interest earned on cash holdings.

How many loans are left in the Funds and when will they be repaid?

There are eight loans left in the Mortgage Portfolio. Repayment of the majority of these loans is likely to occur during the second half of 2014. The last loan is due to mature in February 2015.

Will there be return of capital payments during the second half of 2014?

During 2014, we expect the level of capital repayments to be less consistent than previous years as the numbers of loans remaining in the Mortgage Portfolio is small.

It is unlikely there will be a return of capital following the end of the June 2014 quarter as no significant loan repayments are due, however we will confirm this during July 2014.

We will continue to return capital on a quarterly basis if and when capital becomes available from loan repayments.

When will investors have the remainder of their investment returned to them?

While we anticipate the remainder of the loans will be repaid by early to mid-2015, at this stage we are not able to confirm when the final assets of the Funds will be distributed to investors.

What level of income are investors likely to receive in 2014?

The loans remaining in the Funds are all performing well (i.e. interest repayments are being made), all valuations are up to date and where impairments have occurred these have been adequately provisioned. We therefore expect income levels to continue at or around the level returned during 2013, although this is subject to interest rate movements which affect the variable rate loans held in the Mortgage Portfolio.

When will further information be provided about future capital repayments?

We will provide a further update on our websites during July 2014 as to the likelihood of a June 2014 quarterly capital payment.



How much capital has been returned to date?

Investors have had the majority of their capital returned to them over the past three years. For example the unit price of the OnePath Mortgage Trust No.2 is now \$0.08 and has reduced (due largely to capital returns) from \$1.00. A small part of the price reduction is due to capital losses incurred on impaired loans during July 2011 and July 2012 (this represents approximately 5 cents) however the bulk of the unit price reduction has been due to capital being returned to investors.

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 customer@onepath.com.au

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