

OnePath's Mortgages and Income Plus funds

INVESTOR UPDATE | MARCH 2018

This update has been prepared to keep investors informed on the status of the OnePath's Mortgages and Income Plus funds ('the Funds').

In this update, the terms 'we' and 'us' refer to OnePath Funds Management Limited (OnePath Funds Management).

The following funds are covered by this update:

- OnePath Mortgage fund (offered through ANZ OneAnswer Investment Portfolio)
- OnePath Income Plus fund (offered through ANZ OneAnswer Investment Portfolio)
- ANZ Mortgage Fund – Series 1 and 2

Background

In October 2008, transactions were suspended in the OnePath Mortgages and OnePath Income Plus funds ('the Funds') and the Mortgage Pool ('the underlying fund') due to events associated with the global financial crisis. During the suspension, investors were unable to request withdrawals from the Funds. We continued to prudently manage the Funds through the careful finalisation of the mortgages held by the Mortgage Pool over a number of years following the suspension. This enabled us to return a substantial portion of investors' capital and to pay regular income between October 2008 and September 2015.

Termination process

Following the finalisation of all remaining mortgages (loans), we decided to terminate the Mortgage Pool and the Mortgages and Income Plus funds. The termination commenced on 11 September 2015 and we returned all remaining available capital to investors. This brought the value of investors' accounts to zero.

Client accounts remain open

Although the Mortgage Pool and the Funds are being terminated, investors' accounts are required to remain open, due to continuing litigation matters in respect of three previous loans held in the Mortgage Pool.

Whilst all loans are finalised, we have retained some money in the Mortgage Pool's cash reserves to pay for any costs associated with these matters and the termination.

Although the current value of investor accounts is zero, we are keeping them open during the termination process as there is a possibility that some of the money held in the cash reserves will be released and/or further distributions of proceeds made, if the litigation matters are favourably resolved.

We apologise for any inconvenience that may be caused as investors are unable to close their accounts during the termination process.

Update on the litigation matters

The three matters are in various phases of litigation and are likely to continue for some months or potentially years into the future.

Following resolution of the three litigation matters, there are two possible outcomes;

- no further monies are available for release to investors, and accounts will be able to be closed; or
- we may be able to release some further capital to investors (note this would be a small amount) and then close investors' accounts.

Options for investors – transfer of ownership

As the Funds are suspended and we are not able to process withdrawals, we may be able to process a transfer of ownership for investors who need to settle their account or no longer wish to remain in the Funds throughout the termination process.

If the account is held by a deceased estate, we may be able to transfer units in the Fund(s) to a beneficiary, therefore allowing the estate to be finalised. Future payments from the Fund(s) (if any) would then be paid to that beneficiary.

Any transfer of units from the Funds will be backdated to August 2015, which was prior to the commencement of the termination, at a time where the unit price was greater than zero.

Please note this is not currently available for the ANZ Mortgage Fund Series 1 and 2.

Should you wish to transfer your units, please contact us so that we may provide the appropriate forms and consider your request. We recommend investors consult a professional adviser and/or tax consultant before deciding whether a transfer is appropriate in their circumstances.

Keeping you up to date

For the most up to date information regarding any developments in the termination process please visit our website at anz.com > Personal > Investing & super > Resources > OnePath Mortgages and Income Plus funds.

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).

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