

OneAnswer – Vanguard investment funds – Special distribution paid on 4 May 2016

PRODUCT UPDATE | MAY 2016

The Vanguard investment funds offered through OneAnswer were restructured during late April 2016. Effective 4 May 2016, capital gains were distributed to investors via a special distribution.

Why did the restructure occur?

Please refer to the previous product update titled 'Changes to investment structure for Vanguard funds', for more information [click here](#).

Which OneAnswer investment funds were impacted?

The following OneAnswer investment funds (referred to as 'the Funds') were impacted by the restructure and a special distribution was processed 4 May 2016:

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

The following OneAnswer investment fund was impacted by the restructure but a special distribution was not required to be processed:

- Vanguard Australian Shares Index.

Which OneAnswer products were impacted by the special distribution?

The distribution is only applicable to investment funds offered through:

- OneAnswer Investment Portfolio (including Frontier).

What is a special distribution?

This is a distribution of income (that may or may not include capital gains) and is paid outside of the normal distribution frequency period.

When was the special distribution processed?

The distribution was processed effective 4 May 2016.

How much was paid out to investors?

The table below outlines the approximate distribution that was processed.

Fund name	Portion of members' capital returned to members' as distribution*	Portion of capital gains discounted at 50%
OneAnswer – Vanguard Conservative Index Trust	8.9%	More than 95%
OneAnswer - Vanguard Balanced Index Trust	12.6%	More than 95%
OneAnswer - Vanguard Growth Index Trust	15.3%	More than 95%
OneAnswer - Vanguard High Growth Index Trust	16%	More than 95%
OneAnswer - Vanguard International Shares Index Trust	15.5%	More than 95%
OneAnswer - Vanguard International Shares Index (Hedged) Trust	36.6%	More than 95%
OneAnswer - Vanguard Property Securities Index Trust	38.2%	More than 95%
OneAnswer - Vanguard Index Diversified Bond Trust	7.6%	More than 95%

*Note the percentages shown here have been rounded to one decimal place.

Why did capital gains result from the restructure?

The restructure involved the sale of the units we held in the external Vanguard unit trusts. As a result of the disposal of units, capital gains were realised within most of the Funds.

The capital gains were a result of strong investment market performance. In addition, as they are indexed funds, there has been limited turnover of assets.

What are the tax implications for investors of OneAnswer Investment Portfolio?

Capital gains are generally taxable in the hands of the investor at their marginal tax rate for the financial year in which they are presently entitled, i.e. in this case 2015/2016. However, investors should consider their overall tax position with any other income and capital gains or losses they may have.

More than 95% of the capital gains distributed are discount capital gains (discounted at 50%).

The distribution will be reported to investors in their OnePath Tax Statement expected to be issued in late July 2016.

Investors should also note that there may be further capital gains distributable for the period ending 30 June 2016 once the final tax positions of the Funds are known.

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.investments@onepath.com.au.

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