MEMBER UPDATE

INTEGRA SUPER

AUGUST 2018

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AGED CARE, RISK AND RETURN AND BENEFICIARIES

OnePath

a company of ANZ

CONTENTS

WELCOME

WELCOME TO YOUR 2018 MEMBER UPDATE

This year the financial services industry has experienced an increased profile and scrutiny. The greater attention and transparency will be a positive outcome for customers and will help improve and enhance the banking, investment, superannuation and advice industry in general.

At a time like this, it becomes even more important for you to take ownership of your finances, including your super, and regularly review it against your needs and your long term goals. There's no substitute for taking a personal interest in your financial future. And your annual statement presents you with the basis to review your superannuation, your insurances (if you have any), your investments, fees and other aspects to ensure they are appropriate, affordable and aligned specifically to helping you meet your retirement objectives.

So I encourage you to take time now to review your statement, your current situation and your goals.

In this edition, we've included an insightful article highlighting the raft of changes in this year's Federal Budget. We also provide an investment update from our Chief Investment Officer about global and domestic markets and what it means for you and your retirement savings.

You can also go online at onepath.com.au/memberupdate where you can learn more about aged care and the difference additional contributions can make to your retirement savings.

As always, we are here to help, so if you have any questions please don't hesitate to contact us.

Thank you for continuing to invest your superannuation with us.

Mark Pankhurst
Head of Superannuation
ANZ Wealth

For members who have a OnePath Integra Super account.

WHAT IS DRIVING YOUR INVESTMENT PERFORMANCE?

Mark Rider, ANZ Wealth's Chief Investment Officer, looks at what's influencing financial markets and investment returns.

Over the past year the 'good times rolled' and we saw the best growth in the world economy since 2010. Company profits have been very strong, supporting solid share market returns, well in excess of cash and bond market returns. While 2017's strength continued into early 2018, the share market perhaps got a little ahead of itself and returns have been more moderate in the past six months. Let's look at the factors likely to drive investment market returns for the coming year.

Back to normal for US interest rates

The outlook for US inflation is one of the key issues for financial markets. Reflecting good economic momentum, the US Federal Reserve (Fed) first moved off historically low rates in December 2015 and since this time has gradually raised the key Fed funds rate as it normalises monetary policy to keep inflation in check. With the US unemployment rate at a two decade low, wage growth is expected to rise in the period ahead, prompting further increases in rates as the Fed attempts to slow the US economy.

REVIEW YOUR PRODUCT

Investing in your future starts with you.

It's important to take personal interest and ownership of your superannuation and investments and regularly review them to make sure they are appropriate, affordable and aligned to your circumstances. And there's no better time to do this than when you receive your annual statement.

Take action in just five steps:

1. **Review the investment performance in your statement** – How have your selected investments performed? What other options exist? Could there be more appropriate ones you can invest in to maximise your return?
2. **Review the fees you have paid in your statement** – Are all of the fees listed correct? Have you received advice if you've paid for it? Are there more affordable solutions available to you in your current product or within the category?
3. **Review your level of insurance cover** – Is your cover appropriate, affordable and necessary for your current situation, needs and stage of life? Or are the fees eroding your account balance?
4. **Review your financial goals and plan** – What are your financial goals? Are your investments tracking towards them? Is your level of risk appropriate to help you achieve your goals?
5. **Speak to your financial adviser** – Your adviser can help you review your situation and address the questions above.

The political backdrop

Politics has been a key driver of market volatility in the past year. On the positive side, large US tax cuts and increased budget spending have been a shot in the arm for business confidence in the US. However, US President Trump's trade war threats, the 'off' and then 'on' talks with North Korea, supposed campaign links to Russia, and sanctions imposed on Iran have at times worked in the opposite direction. In Europe, Brexit and political turmoil in Italy have also had their impact. Without doubt the coming year is likely to see politics feature in market movements. However, despite all of the noise, the economic environment has remained solid with company earnings growth remaining a bright spot, supporting share markets.

China navigates the way to a soft landing

Since the GFC the Chinese government has deftly navigated the Chinese economy on a glide path to a soft landing. The economy's main engines have changed over the past decade with growth increasingly driven by the consumer and the services sector and less so by construction and exports. The latter nevertheless remains critical for the Australian economy, and particularly the Resources sector. While we expect this to continue in the year ahead, risks on the horizon from a potential trade war with the US warrant caution.

Australian growth remains solid

Although lagging global counterparts, Australian shares have continued to deliver solid returns as company profits recover. For the economy, the story has been mixed. While Australian business confidence is at a high level, low wages growth has held back consumer confidence and household spending despite falling unemployment. With inflation remaining low, the Reserve Bank of Australia (RBA) is likely to be on hold for some time yet, continuing the period of record low interest rates. Along with some support from the May budget's proposed personal tax cuts, domestic drivers of growth remain supportive. Overseas developments are likely to be crucial for the economy and share market in the year ahead.

US dollar strength

The US dollar has strengthened as the Fed gradually raised interest rates offering investors an increasingly higher yield on US debt versus Japan, Europe and emerging markets. Closer to home the AUD has weakened a little over the past year as the RBA has remained content to keep rates on hold.

While this trend may continue into the future, it is reliant on a sustained period of rate hikes by the Fed, which is far from guaranteed.

Recent turmoil in a number of larger emerging market economies such as Turkey and Argentina flags the world economy may not be able to sustain a period of much higher rates.

All up – good times fade, not roll

We can summarise what's happening now as consistent with our 'good times fade' thematic. Compared to the roar of the high-return markets of recent years, the year ahead may see more subdued returns as economic growth slows, interest rates move higher and political risks remain. For the moment we remain positive about future growth and hold a small preference for growth assets – the share market offers better prospects for returns than bonds or cash.

HOW ARE WE MANAGING YOUR INVESTMENTS?

The range of OptiMix and OnePath diversified funds are a careful mix of asset classes that provide you with a diversified exposure to global and Australian share and bond markets.

The mix of growth and defensive assets differ by fund to suit your tolerance to the variability of investment returns. There are more of the 'riskier' asset classes such as shares in Growth funds versus more defensive assets, such as cash, in Conservative funds.

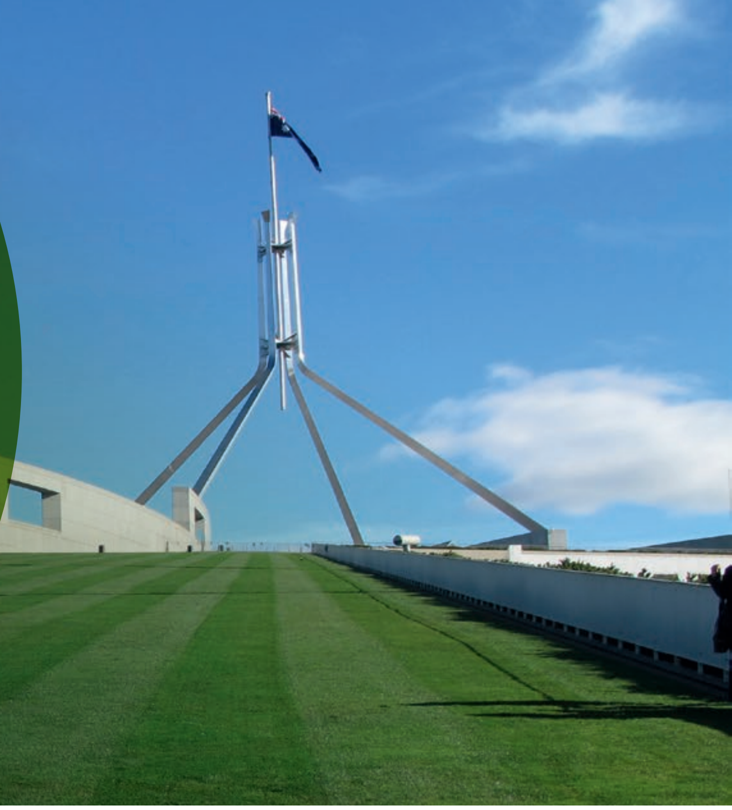
The year to 30 June 2018 has been solid in terms of financial outcomes for many of our customers due to the returns from equities. Many of the OptiMix and OnePath diversified funds, from Conservative through to High Growth, have delivered positive returns over the 12-month period. Despite low returns available from bonds and cash investments, Australian and international shares delivered higher returns and further demonstrated the expected benefits of diversification.

Given the current balance of a strong global economy and rising although still relatively contained risks, it is too early for us to hold a defensive position towards growth assets such as shares. That said, caution is warranted as we await more clarity on inflation and the prospects for interest rates and global trade policy.

To justify a change in position to a more defensive stance one such catalyst would be a faster than expected pick-up in inflation. This would signal the risk of an earlier than expected end of the investment cycle as central banks would respond with higher rates. For now, however, indicators show economic growth remains solid, though a little slower, with only modestly higher inflation.

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

FEDERAL BUDGET 2018/19: TAX AND SUPER REFORMS



Tax relief, and super reforms particularly for those with low balances, were at the centre of the Federal Budget, writes Gayle Bryant.

There were a few surprises in the Federal Government's 2018 Budget (the 'budget') around superannuation. Essentially, in its reforms, the government will make it easier for people to cost-effectively manage their super through six main measures.

It is important to note that the budget measures are subject to the passing of legislation and, accordingly, may not become law or may change from what was announced on 8 May 2018.

The six main measures are:

- superannuation accounts of less than $6,000 will have fees capped at 3 per cent a year
- fees to exit a superannuation fund will be banned
- a new requirement will be introduced requiring inactive super accounts with balances less than $6,000 to be transferred to the Australian Taxation Office (ATO)
- young people, or those with inactive or a low balance, will have to opt-in to life insurance
- recent retirees will be allowed to make additional super contributions through a work-test exemption
- members working for multiple employers, who earn more than $263,157, will be able to nominate that income from certain employers is not subject to the superannuation guarantee. This measure will allow these members to avoid unintentionally breaching the $25,000 concessional contributions cap as a result of multiple compulsory superannuation guarantee contributions.

Introduced as part of the government's "Protecting your super" package, the ban on exit fees will apply from 1 July 2019, and will cover all super accounts regardless of age or balance.

For low-balance super accounts (defined as a balance below $6,000) passive fees can only amount to a maximum 3 per cent of the balance, which will help stop fees eroding such small balances.

For those who haven't consolidated their accounts, the government will start taking proactive steps to do it for you. In his budget speech, Federal Treasurer Scott Morrison announced the ATO will proactively reunite people's inactive or lost super and have it sent to their active super accounts. And inactive super accounts with balances less than $6,000 will be transferred to the ATO.

From 1 July 2019, insurance within super will become an opt-in model for members aged under 25 and those with low balances.

The move will also apply to members who have not made a contribution in the previous 13 months and are inactive.

With the changes to insurance, Morrison said young people would no longer have to pay for insurance they don't want or need. But, the Association of Superannuation Funds of Australia chief executive officer Martin Fahy warned "many young people have dependants and financial commitments so in the instance of a tragic event occurring, particularly disablement early in life, having insurance in place is extremely valuable".

Additionally, from 1 July 2019, those aged 65 to 74 with a total super balance below $300,000, may rely on an exemption to the work test to voluntarily contribute to superannuation. This exemption applies to the first year a person does not meet the work test.

Personal tax cuts

A three-part, seven-year personal tax plan was designed to deliver "what can be responsibly afforded while keeping the budget on track", according to Morrison.

The tax plan included delivering immediate relief of $530 a year to the 4.4 million Australians who earn between $48,000 and $90,000.

The three parts of the tax plan included relief for low and middle-income earners; reduction of bracket creep; and ensuring more Australians pay less tax by simplifying personal taxes.

Tax threshold changes passed into law#

Tax rate (%)	Previous ($)	Current 1 July 2018 ($)	1 July 2022 ($)	1 July 2024 ($)
0	0-18,200	0-18,200	0-18,200	0-18,200
19	18,201-37,000	18,201-37,000	18,201-41,000	18,201-41,000
32.5	37,001-87,000	37,001-90,000	41,001-120,000	41,001-200,000
37	87,001-180,000	90,001-180,000	120,001-180,000	(no longer exists)
45	180,001-plus	180,001-plus	180,001-plus	200,001-plus

Source: Budget Papers
These tax rates passed through Parliament in June 2018 and are now law.

Tax relief for low-to-middle income earners

From the 2018/19 financial year, there will be a new non-refundable tax offset for low and middle income earners. Those earning less than $37,000 will have a tax offset of $200; those between $37,000 and $48,000 will receive between $200 and $530, and those earning between $48,000 and $90,000 will receive $530.

For those on more than $90,000, the tax offset will reduce by 1.5¢ for every dollar above $90,000 until it cuts out at just over $125,000.

According to the Treasurer, for middle-income households with both parents working on average wages, "this will boost their 'kitchen table' budget by more than $1,000 every year".

Because they are non-refundable tax offsets, taxpayers will only see the benefit at tax time next year when they can claim the offset to reduce their tax bill (any excess tax offset cannot be refunded).

Reduction of bracket creep

For the 2018/19 financial year, the income threshold for the 32.5 per cent tax bracket rises from $87,000 to $90,000. This move means that someone earning $90,000 a year enjoys a total of $665 a year tax saving from the new tax offset and increased threshold ($530 tax offset plus $135 increased threshold saving). For those earning more than $90,000, the $665 saving gradually reduces together with the diminishing tax offset.

The broadening tax bracket means that about 210,000 taxpayers who earn between $87,000 and $90,000 won't be pushed into the 37 per cent tax bracket.

This again changes from the 2022/23 financial year when the same threshold will rise from $90,000 to $120,000. The threshold for the 19 per cent tax bracket will also rise from $37,000 to $41,000 at this time.

Abolishing the 37 per cent bracket

The Treasurer's tax plan culminates in the 2024/25 financial year where the 37 per cent tax bracket will be abolished entirely. This will reduce the number of tax brackets from five to four. The top marginal tax rate remains at 45¢ but the threshold it applies from rises from $180,001 to $200,001. This means all Australian taxpayers who are earning between $41,000 and $200,000 annually will only pay 32.5¢ in the dollar from this time.

Older Australians

Some of the biggest changes for older Australians in years were announced in this year's budget.

The Treasurer said the government would spend $1.6 billion over four years to create 14,000 new home-care places, aimed at helping older Australians stay at home longer rather than moving into residential aged care.

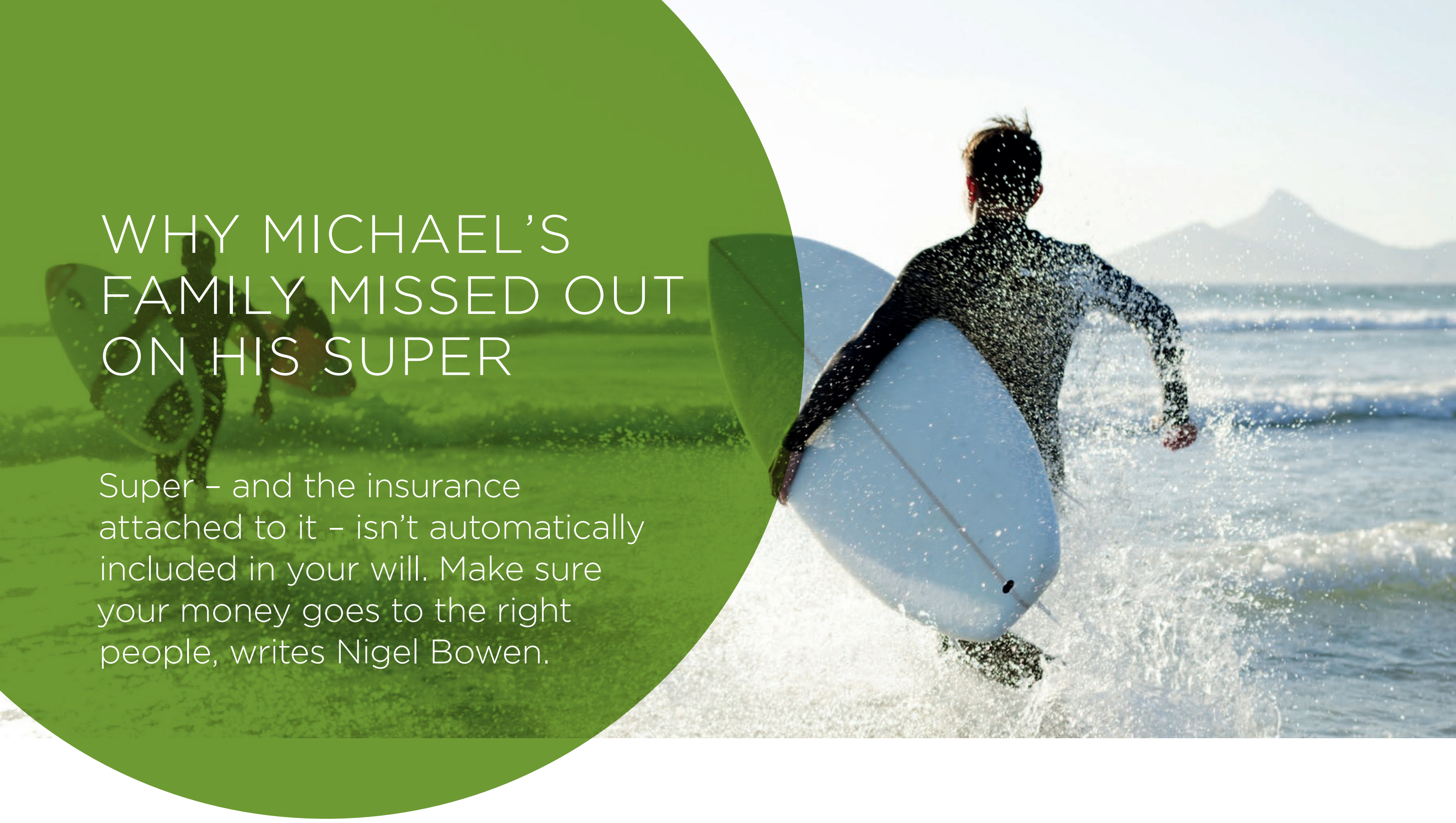
There will also be extra money for aged-care services in regional Australia and more support for mental health services in aged-care facilities.

The government also committed $11 million to expand the pensions loan scheme. The scheme involves a form of "reverse mortgage" that currently lets part-rate pensioners and people ineligible for the age pension because of the income or assets test, to borrow against their own property to top-up their entitlement, up to the maximum rate of pension. The scheme will be expanded to all pensioners (including full-rate pensioners) and anyone over age pension age, and will allow them to top-up their entitlement to up to 150 per cent of the maximum rate of pension.

Pensioners will also be able to work for longer as the government will increase the pension work bonus from $250 to $300 a fortnight. This lets pensioners earn up to $7,800 a year without their pensions being affected. The work bonus has been expanded to apply to self-employed pensioners with the Treasurer saying "it's never too late to start a business".

Gayle Bryant is a freelance financial and business journalist and sub-editor based in Sydney.

For more information on these and other proposed budget measures, go to **budget.gov.au** or speak to your financial adviser.



WHY MICHAEL'S FAMILY MISSED OUT ON HIS SUPER

Super – and the insurance attached to it – isn't automatically included in your will. Make sure your money goes to the right people, writes Nigel Bowen.

In summary

- Michael had a will, but a simple mistake severely cost his family
- Wills don't automatically include your super and its life insurance
- Nominate a beneficiary to ensure your money goes where you want.

In 2015, Michael Rafferty* collapsed and died while surfing with friends. What was already a tragedy became even more distressing when the court ruled for most of the $375,000 in his super — a combination of retirement savings and insurance — to go to a woman his family claims he'd only recently started a relationship with. This left his two young children with less than a quarter of his estate.

Michael had a valid will, but what his family didn't know was that little consideration would be given to his written will when determining how the $375,000 held in his superannuation account would be divided.

This is because your super – and its insurance – are not part of your will.

Your super money is held in trust

"Rather than being an asset you can bequeath to whomever you choose, the money you have in super is held in trust," explains Brian Hor, a superannuation and estate planning specialist at Townsends Business & Corporate Lawyers.

Based on current superannuation rules and legislation "if you don't have a binding [beneficiary] nomination, the trustees of your super fund need to decide who gets your super balance and any associated insurance payouts."

Had Michael nominated a beneficiary on his super account, a very different outcome could have occurred.

Why your superannuation is more valuable than you realise

Most people have insurance cover within their super account. Even if you don't have a huge super balance there can be a big insurance payout if something unexpected happens.

"Many people do not realise that their superannuation is treated differently to their other assets when they die," says Pauline Vamos, former CEO of the Association of Superannuation Funds of Australia (ASFA). This is because your super is held in trust. "However, often it will be one of the biggest assets they are able to pass on."

Your financial adviser can help you understand why nominating a beneficiary is so important.

Your super needs its own 'little will'

Your super fund wants to respect your wishes. But you need to make it clear what those wishes are.

"That's why you need a separate document to your will," says Hor. "It's like a little will to decide who gets your superannuation." This is where a binding beneficiary nomination comes in. It is a legal document, that informs the trustee who you nominate as your beneficiaries and how you want your money divided.

To nominate a beneficiary for your account, call Customer Services on 133 665 for a beneficiary nomination form, or speak to your financial adviser.

*Based on a personal story. Names and details have been changed to protect identity.

IMPORTANT CHANGES AND INFORMATION

A summary of significant product or regulatory changes that may impact your Integra Super account.

1 Your 2018 Annual Report

In line with ANZ Wealth's ongoing commitment to reducing our impact on the environment, the Annual Report will be available online in December at onepath.com.au > Personal > Forms & brochures > select the product name > Reports tab.

If you would like to receive a hard copy (free of charge) please contact Customer Services on 133 665.

2 Are your contact details up to date?

For superannuation accounts, if you are under age 65 and we do not have contact details for you, you have not contacted us during the last 12 months, and we have not received a contribution or rollover from you, or on your behalf, in the last 12 months, we may be required to close your account and pay it to the Australian Taxation Office (ATO) if your balance is under the legislated threshold. The threshold is $6,000 from 31 December 2016.

Once this happens, you will lose any insurance associated with the account, and will need to contact the ATO about payment options. Although you can request the monies be redirected to OnePath, this would generally require a new account to be set up, which is not available for all products, and would have pre-existing conditions limitations on any insurance.

Because we don't have your contact details, you will not be provided with prior notification of this happening or confirmation from us that it has happened. However, you will be able to see the amount as Unclaimed Monies by logging on to the MyGov website, my.gov.au

If you have not provided your phone number or email address, you can do so by calling or emailing us.

In the 2018/19 Federal Budget, the government announced changes to supplement the current regime for transferring lost member balances to the ATO, to protect members with low balances. From the 2019/20 financial year, superannuation funds will be required to transfer inactive accounts (i.e. no contribution has been received within the last 13 months) with balances below $6,000 to the ATO.

In addition, the ATO will be able to consolidate the amount with an active account of the member, where the balance of the consolidated account is $6,000 or more. This proposed change is yet to be legislated and may be subject to change during this process.

3 Early Release of Superannuation under Compassionate Grounds

From 1 July 2018, the Department of Human Services (DHS) will no longer administer Early Release of Superannuation under Specified Compassionate Grounds. From this date, the ATO will be overseeing the administration of all Specified Compassionate Ground requests. Contact the ATO for more information including access to the application portal.

4 Changes to complaints resolution services from 1 November 2018

From 1 November 2018, the Superannuation Complaints Tribunal (SCT) and the Financial Ombudsman Service (FOS) will cease to hear new complaints. From this date new complaints should be directed to the Australian Financial Complaints Authority (AFCA). Any issues already registered with FOS or the SCT will continue to be handled by these bodies.

Australian Financial Complaints Authority
GPO Box 3, Melbourne, VIC 3001
Phone: 1800 931 678
Email: info@afc.org.au
Website: afca.org.au

If you have a complaint, please raise it with us first and we will do our best to resolve it quickly and fairly.

5 OptiMix and OnePath Diversified Funds – strategic asset allocation changes

From 18 September 2017, the strategic asset allocation benchmarks and associated ranges of the OptiMix and OnePath Diversified Funds (the 'Funds') were adjusted.

We believe these changes will better position the Funds to meet their investment objective as lower returns are expected from cash over the next 10 years. Furthermore, the investment ranges remain sufficiently broad to allow the investment team to manage downside risks effectively. These changes will not impact the Funds' investment strategies, investment objective or level of investment risk.

The changes are outlined in the tables on the following pages

OptiMix Conservative

	Previous			Effective 18 September 2017		
Asset Class†	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	20	7	43	7	0	27
Australian fixed interest	18	5	31	22	12	32
International fixed interest	20	7	33	20	10	30
Listed real assets	3	0	12	4	0	12
Australian shares	12	0	25	10	0	20
International shares	10	0	23	12	2	22
Alternative assets	17	5	29	25	13	37

† The maximum exposure to growth assets for the OptiMix Conservative Fund is 43%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix Moderate

	Previous			Effective 18 September 2017		
Asset Class†	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	8	0	31	5	0	25
Australian fixed interest	14	0	32	17	2	32
International fixed interest	17	0	35	14	0	29
Listed real assets	3	0	12	6	0	16
Australian shares	20	2	38	18	3	33
International shares	19	1	37	20	5	35
Alternative assets	19	5	33	20	4	36

† The maximum exposure to growth assets for the OptiMix Moderate Fund is 69%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix Balanced

	Previous			Effective 18 September 2017		
Asset Class†	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	4	0	27	3	0	23
Australian fixed interest	8	0	31	9	0	29
International fixed interest	9	0	32	8	0	28
Listed real assets	3	0	12	6	0	16
Australian shares	29	6	52	27	7	47
International shares	27	4	50	29	9	49
Alternative assets	20	6	34	18	1	38

† The maximum exposure to growth assets for the OptiMix Balanced Fund is 93%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix Growth

	Previous			Effective 18 September 2017		
Asset Class†	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	4	0	27	4	0	24
International fixed interest	6	0	29	5	0	25
Listed real assets	3	0	12	8	0	18
Australian shares	35	12	58	34	14	54
International shares	34	11	57	35	15	55
Alternative assets	18	4	33	13	0	33

† The maximum exposure to growth assets for the OptiMix Growth Fund is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OptiMix High Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	0	0	23	0	0	20
International fixed interest	0	0	23	0	0	20
Listed real assets	3	0	12	8	0	18
Australian shares	43	20	66	40	20	60
International shares	42	19	65	45	25	65
Alternative assets	12	3	28	6	0	26

† The maximum exposure to growth assets for the OptiMix High Growth Fund is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath Managed Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	4	0	27	3	0	23
Australian fixed interest	8	0	31	9	0	29
International fixed interest	9	0	32	8	0	28
Listed real assets	3	0	12	6	0	16
Australian shares	29	6	52	27	7	47
International shares	27	4	50	29	9	49
Alternative assets	20	6	34	18	1	38

† The maximum exposure to growth assets for the OnePath Managed Growth Fund is 93%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath Balanced

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	8	0	31	5	0	25
Australian fixed interest	14	0	32	17	2	32
International fixed interest	17	0	35	14	0	29
Listed real assets	3	0	12	6	0	16
Australian shares	20	2	38	18	3	33
International shares	19	1	37	20	5	35
Alternative assets	19	5	33	20	4	36

† The maximum asset allocation to growth assets for the OnePath Balanced Fund is 69%. Listed Real Assets may include allocations to Global Listed Property and Infrastructure Securities. International shares may include exposure to emerging markets and/or global small cap securities. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

OnePath High Growth

Asset Class†	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	0	0	23	0	0	20
International fixed interest	0	0	23	0	0	20
Listed real assets	3	0	12	8	0	18
Australian shares	43	20	66	40	20	60
International shares	42	19	65	45	25	65
Alternative assets	12	3	28	6	0	26

† The maximum exposure to growth assets for the OnePath High Growth Fund is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

6 Integra Super investment menu enhancements

At ANZ Wealth, we're committed to helping you achieve your financial goals by regularly reviewing the investment menu of Integra Super, making sure you have access to market-leading investment funds.

Replacement funds

In September 2017, the underlying funds of two investment funds were replaced with new underlying funds that are highly-rated and well-positioned to deliver a strong performance over the long-term. The table below provides details of the investment funds that were changed. If you were invested in one of the investment funds noted in the 'Previous investment fund' column below, then your investment is now in the 'Replacement investment fund'. The change occurred at the underlying fund level in September 2017.

We believe the replacement investment funds are more likely to meet their investment objectives, and provide stronger risk-adjusted performance over the long term.

Overview of key changes

Previous investment fund	Replacement investment fund	Ongoing fees (% p.a.)*	Previous Buy/sell spreads	New Buy/sell spreads
Capital Group Global Equities (Hedged)	BT Core Hedged Global Shares	Lower by 0.05% p.a.	0.10% / 0.10%	0.05% / 0.05%
Zurich Investments Global Thematic Shares	Antipodes Global (Long only)	Lower by 0.02% p.a. & introducing performance fee**	0.08% / 0.08%	0.30% / 0.30%

* For the ongoing fees applicable, please refer to the relevant Product Disclosure Statements.
** The Antipodes Global (Long only) fund has a performance fee of 15%, which applies when the underlying fund outperforms the MSCI All Country World Net Index in AUD.

What do these changes mean for investors?

- The investment objective, investment strategy, asset allocation benchmark, asset allocation ranges and the underlying fund manager changed.
- The ongoing fees remained the same or reduced, except for the Antipodes Global (Long only) fund which has a performance fee of 15% which applies when the underlying fund outperforms the MSCI All Country World Net Index in AUD.
- New Buy/sell spreads apply to applications and withdrawals.
- These transitions did not affect investors' accounts in terms of the current unit price, nor did they result in a transaction at the account level as the changes occurred at the underlying fund level.
- The name(s) of the investment fund(s) changed in correspondence and statements.

The fund profiles for the replacement funds are provided below:

Antipodes Global (Long only)

Investment objective

To provide absolute returns in excess of the MSCI All Country World Index over the investment cycle (typically three to five years) at below market levels of risk.

Investment strategy

The fund typically invests in a select number of attractively valued companies listed on global share markets (usually between 20 and 60). The fund is also permitted to utilise exchange traded derivatives for risk management purposes subject to the specific restrictions that such derivatives cannot be used to gear portfolio exposure and that the underlying effective face value is limited to 10% of the NAV of the fund unless used to manage currency risk.

Currency exposure will generally reflect the currency of the underlying securities. However, where the Investment Manager believes there is a strong likelihood of a decline in the underlying currency, currency derivatives, both over-the-counter and exchange traded, may be used to hedge subject to the specific restriction that such derivatives cannot be used to gear portfolio exposure.

Minimum time horizon

5 years

Standard Risk Measure

1 Very low	2 Low	3 Low to medium	4 Medium	5 Medium to high	6 High	7 Very high

For more information on Risk Profile, see the Standard Risk Measure on page 13.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash equivalent investments	0	0–25
International equities*	100	75–100

Underlying fund: Antipodes Global Fund – Long only
* For reasons of investment efficiency, the fund may gain its exposure by holding units in other pooled funds and/or through direct investment holdings.

BT Core Hedged Global Shares

Investment objective

The fund aims to provide a return (before fees, costs and taxes) that exceeds MSCI World ex Australia (Standard) Index (Net Dividends) hedged to AUD over the medium to long term. The suggested investment timeframe is five years or more.

Investment strategy

As manager for the fund's international shares, AQR's investment process is based on their quantitative investment strategies and aims to add value through active stock and industry selection and investment research. AQR employs a systematic investment process to maintain a highly diversified and risk controlled portfolio that reflects their valuation and momentum philosophy. Value investing is buying securities that are cheap and selling those that are expensive. Momentum investing is buying securities that are improving and selling securities that are deteriorating. AQR's investment research focuses on valuation, momentum, earnings quality, investor sentiment, sustainable growth and management quality themes. Whilst the fund can invest in any international sharemarket that offers attractive opportunities, most investments will be located in the United States, Europe and Japan. The fund may also hold cash and may use derivatives. The fund has assets that are denominated in foreign currencies. The fund's foreign currency exposure will generally be fully hedged back to the Australian dollar to the extent considered reasonably practicable.

Minimum time horizon

5 years

Standard Risk Measure

1 Very low	2 Low	3 Low to medium	4 Medium	5 Medium to high	**6 High**	7 Very high

For more information on Risk Profile, see the Standard Risk Measure on this page.

Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–20
International shares	100	80–100

Underlying fund: BT Wholesale Core Hedged Global Share Fund

7 Standard Risk Measure

The Standard Risk Measure is based on industry guidelines to allow investors to compare investment funds that are expected to deliver a similar number of negative annual returns over any 20-year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives.

Further, it does not take into account the impact of any ongoing fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment fund(s).

How to read an investment profile

Risk Band	Risk Label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Updated Standard Risk Measures

Investment Fund name	Previous Risk Band and Risk Label	New Risk Band and Risk Label
OnePath Alternatives Growth	7 – Very high	6 – High
OptiMix Australian Fixed Interest	5 – Medium to high	6 – High
Vanguard International Shares Index (Hedged)	7 – Very high	6 – High

8 Australian Prudential Regulation Authority levy and Regulatory Change expense recovery

Australia's superannuation system is amongst the best in the world*. It is well regulated, however it is also very complex, and has undergone a large amount of regulatory change and Government reforms in recent years.

All Australian Prudential Regulation Authority (APRA) regulated superannuation funds are charged an APRA Levy each year to recover the general operational costs of APRA. The cost of this levy is passed onto members of the OnePath MasterFund (Fund), resulting in 0.006% being applied against the investments of the Fund for the 12 months to 30 June 2018.

In addition, to cover some of the costs incurred to comply with the Government's superannuation regulatory changes and consistent with the approach taken by many superannuation funds across the industry, the Trustee approved an expense recovery of 0.037% to be applied against the investments of the Fund for the 12 months to 30 June 2018.

In June 2018, the combined APRA levy and Regulatory Change expense recovery of 0.043% was deducted from the unit price of each of your investment fund(s), excluding OnePath Capital Guaranteed (which does not have a unit price). As an example, for a member with a balance of $50,000, the total impact of this deduction was $21.50.

Please note, the levy and expense recovery are charged directly from your account. They are deducted from the unit price of each of your investments and will appear on your statement as 'Administration Fee (other)'.

For the 12 months to 30 June 2019 we estimate the APRA levy and expense recovery will be up to 0.08% p.a., which will be reflected in the unit price for members on the day the levy and expense recovery are charged.

* Source: the Melbourne Mercer Global Pension Index report from 2017. Australia was one of only three countries to receive a B+ rating (no countries received an A).

9 Annual Statements for super – additional explanatory notes

The following explanatory notes are to be read together with your 2018 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 super contributions that you make before tax (concessional contributions). This includes contributions made by your employer (including salary sacrifice contributions) and contributions you are eligible to claim as a personal tax deduction (subject to lodgement of a valid 'Notice of intent to claim a tax deduction' form).

In calculating the amount of tax payable, we may make allowance for the benefit of tax deductions on transactions such as the payment of insurance fees.

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

The untaxed element of a roll-over superannuation benefit and certain foreign super fund transfers are also subject to 15% tax. 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 income for surcharge purposes plus your low tax contributions for a financial year exceeds $250,000 (from 1 July 2017). For further information please visit the ATO website at ato.gov.au or speak to your financial 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 any no-TFN contributions tax is deducted from the withdrawal amount and not from the preservation components.

Super Guarantee Allocation

The Super Guarantee Allocation is an amount representing the Super Guarantee Charge. This amount is an employee entitlement determined by the ATO and represents a superannuation guarantee (9.5% for the 2018/19 financial year) shortfall and interest for the shortfall.

This amount may appear on your Annual Statement as either an addition or a deduction. An addition represents a payment from the ATO into your account. A deduction may be the correction of a payment received to your account or the recovery of an overpayment by the ATO.

This amount is determined by the ATO, so you should speak to your financial adviser or contact the ATO if you have any questions.

Government contributions

Government contributions can include the Government co-contribution and the Low Income Superannuation Contribution Tax Offset (LISTO) from 1 July 2017 (or Low Income Superannuation Contribution or LISC before 1 July 2017).

The Government co-contribution helps eligible low and middle income earners who make personal (after-tax) contributions boost their superannuation. The amount of the co-contribution (maximum $500) depends on your income and how much you contribute.

The LISTO effectively returns the 15% contributions tax (up to $500) on concessional contributions made in a financial year for low income earners.

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. You should speak to your financial adviser or contact the ATO in relation to the amount paid.

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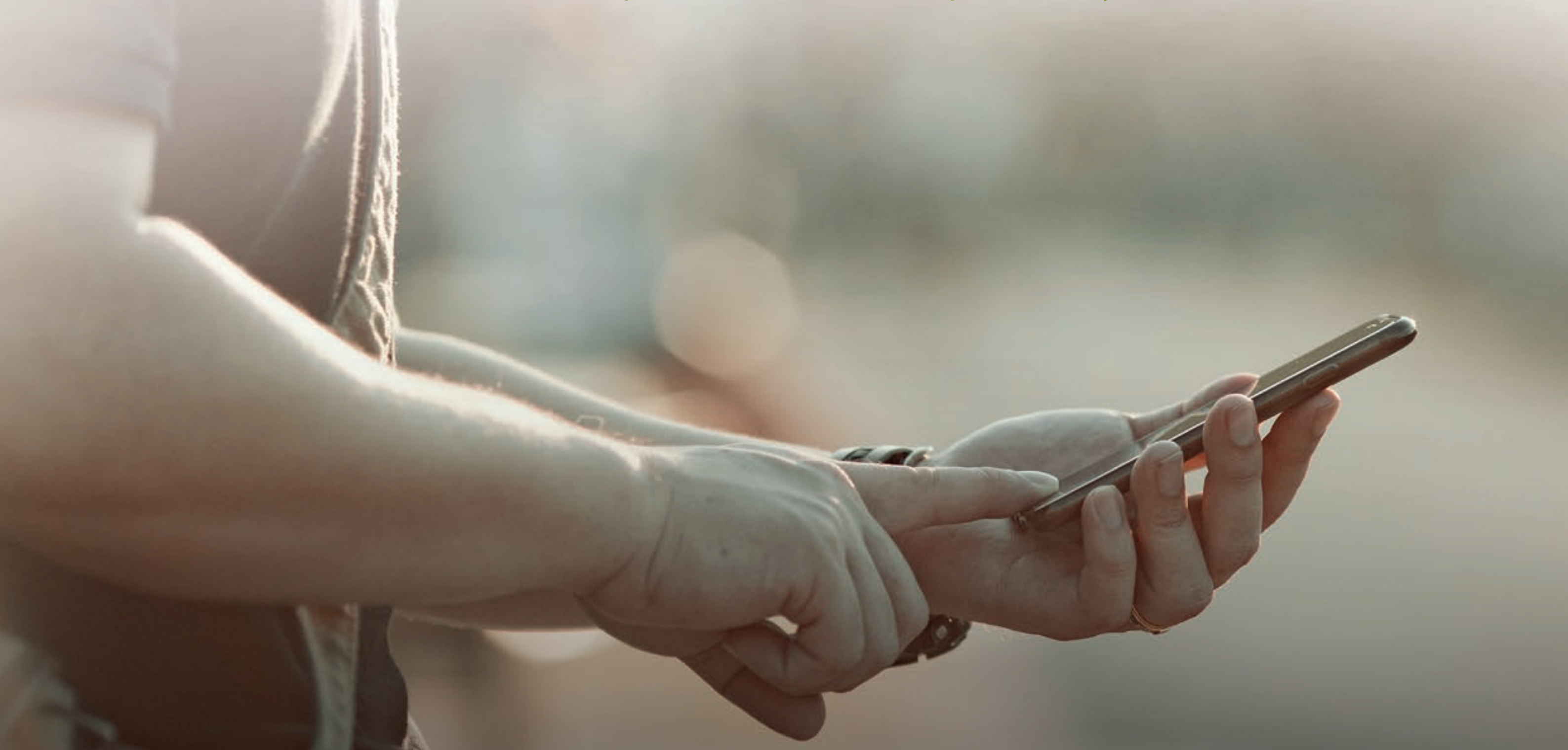

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