

ANNUAL REPORT

ONEANSWER SEPARATE ACCOUNT TRUST
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020
ARSN 152 546 024



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Directors' Report for the financial year ended 30 June 2020

The Directors of OnePath Funds Management Limited (OPFM), the Responsible Entity of OneAnswer Separate Account Trust (the 'Scheme'), present their report together with the financial report of the Scheme for the financial year ended 30 June 2020, and the report of the auditor of the Scheme.

Responsible Entity

The Responsible Entity of the Scheme is OnePath Funds Management Limited. As at reporting date, the registered office and principal place of business of the Responsible Entity and the Scheme is Level 6, 161 Collins Street, Melbourne, VIC 3000.

The Directors of OnePath Funds Management Limited during or since the end of the financial year are:

| Name | Position Held | Date Appointed | Date Resigned |
|----------------|--|----------------------------|--------------------------|
| S J Chapman | Independent Non-Executive Director, Chairman | Appointed 1 August 2011 | Resigned 31 January 2020 |
| A H Chonowitz | Independent Non-Executive Director | Appointed 1 March 2015 | Resigned 31 July 2019 |
| M A Da Silva | Executive Director | Appointed 31 January 2020 | |
| L M Fricke | Independent Non-Executive Director | Appointed 7 September 2017 | Resigned 31 January 2020 |
| P G Mullin | Independent Executive Director | Appointed 1 March 2015 | Resigned 31 January 2020 |
| J Selak | Independent Non-Executive Director, Chairman | Appointed 31 January 2020 | |
| M A Somerville | Independent Non-Executive Director | Appointed 31 January 2020 | |

Principal activities

The Scheme is a registered Managed Investment Scheme domiciled in Australia.

The investment activities of the Scheme continued to be in accordance with the investment policy of the Scheme, as outlined in the Product Disclosure Statement (PDS). The primary aim of the Scheme is to provide investors with a fixed rate of return with a choice of investment terms to suit the investors' needs and objectives. The Scheme invests according to the term deposits selected by the investors.

The Scheme did not have any employees during the year.

Review of operations and results

The Scheme continues to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of operations of the Scheme are disclosed in the Statement of Comprehensive Income. The returns of investors in the Scheme are based on the fixed rate of return of the term deposits in the investors' respective accounts.

Fees paid to and investments held by the Responsible Entity or its associates

There were no fees paid to OnePath Funds Management Limited by the Scheme and no investments were held by OnePath Funds Management Limited in the Scheme throughout the reporting period.

Interests in the Scheme

The movements in investors' holdings in the Scheme during the year are disclosed in Note 4 Net assets attributable to investors.

The value of the Scheme's assets and liabilities are disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 Basis of preparation.

Significant changes in the state of affairs

Sale of OnePath P&I business:

On 17 October 2017, Australia and New Zealand Banking Group Limited (ANZ), the ultimate parent company of OnePath Funds Management Limited (OPFM) (the Responsible Entity of the Scheme) announced the proposed sale of the OnePath Pensions and Investments (OnePath P&I) business to IOOF Holdings Limited and Australian Wealth Management Limited (IOOF).

On 9 December 2019, the Australian Prudential Regulation Authority (APRA) issued its approval for the OnePath P&I sale to IOOF. The sale of OnePath Funds Management Limited and transfer of ownership of the Responsible Entity of the Scheme to IOOF was completed on 31 January 2020. As a result, new Directors were appointed to OPFM Board effective 31 January 2020. In addition, the registered office and principal place of business of the Responsible Entity and the Schemes were changed from Level 23, 242 Pitt Street, Sydney, NSW 2000 to Level 6, 161 Collins Street, Melbourne, VIC 3000.

Effective 1 February 2020, ANZ ceased to be a related party to the Scheme. Refer to Note 10 Related parties for further detail.

As at 30 June 2020, OPFM continued to operate the Scheme and there have been no changes to the operations of the Scheme.

This significant event did not impact individual investor balances or units.

Coronavirus (COVID-19) pandemic impacts:

The Coronavirus has created market volatility and uncertainty for the global economy.

OPFM continues to operate the Scheme in accordance with the provisions of the Scheme's Constitution.

The Scheme mainly invests into the term deposits issued by ANZ which have fixed interest rates and as a result the market volatility had minimal impact on the Scheme. Refer to Note 8.2 Credit risk for further detail.

Directors' Report for the financial year ended 30 June 2020

Likely developments and expected results of operations

The Scheme will continue to invest in cash and term deposits. Further information has not been included in this report to avoid the disclosure of information that may result in unreasonable prejudice to the Scheme.

Environmental regulation

The operations of the Scheme were not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

Events subsequent to balance date

Since 30 June 2020, the associated economic impacts of COVID-19, on macroeconomic conditions which may indirectly impact the Scheme, remain uncertain.

No other significant event has occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the Statement of Financial Position as at 30 June 2020 or on the results and cash flows of the Scheme for the financial year ended on that date.

Indemnities and insurance premiums for officers and auditor

Indemnification:

Under the Scheme's Constitution, the Responsible Entity, including its officers and employees, is generally indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

The Responsible Entity has not indemnified any auditor of the Scheme.

Insurance premiums:

No insurance premiums are paid out of the assets of the Scheme in relation to insurance cover for the Responsible Entity, its officers and employees or the auditor of the Scheme.

True and fair view

The financial statements have been prepared in accordance with applicable accounting standards to give a true and fair view of the state of affairs of the Scheme at the reporting date.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 20 and forms part of the Directors' Report for the financial year ended 30 June 2020.

This report is made in accordance with a resolution of the Directors of OnePath Funds Management Limited.



**John Selak
Director**

Melbourne

7 September 2020

Financial Report
Financial Statement - Statement of Financial Position
as at 30 June 2020

| | Note | OneAnswer Separate Account Trust | |
|---|----------|----------------------------------|--------------------|
| | | 30 June 2020 \$ | 30 June 2019 \$ |
| Assets | | | |
| Cash and cash equivalents | | 4,436,161 | 6,274,949 |
| Receivables | 5 | 341,692 | 736,026 |
| Term deposits | 6 | 42,369,079 | 60,041,058 |
| Total assets | | 47,146,932 | 67,052,033 |
| Net assets attributable to investors | | 47,146,932 | 67,052,033 |
| Represented by: | | | |
| Net assets attributable to investors | | 47,146,932 | 67,052,033 |
| Total net assets attributable to investors | 4 | 47,146,932 | 67,052,033 |

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements set out on pages 9 to 16.

Financial Report
Financial Statement - Statement of Comprehensive Income
for the financial year ended 30 June 2020

| | Note | OneAnswer Separate Account Trust | |
|--|----------|----------------------------------|--------------------|
| | | 30 June 2020 \$ | 30 June 2019 \$ |
| Investment income | | | |
| Interest income | | 1,121,040 | 1,877,090 |
| Net investment income/(loss) | | 1,121,040 | 1,877,090 |
| Expenses | | | |
| Penalty interest expense | | 11,461 | 29,234 |
| Operating expenses before finance costs | | 11,461 | 29,234 |
| Profit/(loss) from operating activities | | 1,109,579 | 1,847,856 |
| Finance costs | | | |
| Interest transferred out to investors | | 1,503,675 | 1,891,517 |
| Change in net assets attributable to investors/ | | | |
| Total comprehensive income | 4 | (394,096) | (43,661) |

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements set out on pages 9 to 16.

Financial Report
Financial Statement - Statement of Changes in Equity
for the financial year ended 30 June 2020

The Scheme's net assets attributable to investors is classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity, and no items of changes in equity have been presented for the current or comparative year.

Financial Report
Financial Statement - Statement of Cash Flows
for the financial year ended 30 June 2020

| | Note | OneAnswer Separate Account Trust | |
|---|----------|----------------------------------|---------------------|
| | | 30 June 2020 \$ | 30 June 2019 \$ |
| Cash flows from operating activities: | | | |
| Interest received | | 11,699 | 28,773 |
| Interest paid | | (11,461) | (29,234) |
| Proceeds from sale of investments | | 28,342,164 | 26,704,979 |
| Purchase of investments | | (10,670,185) | (15,838,000) |
| Net cash flows from/(used in) operating activities | 7 | 17,672,217 | 10,866,518 |
| Cash flows from financing activities: | | | |
| Proceeds from applications of investors | | 13,823,230 | 22,652,642 |
| Payments on redemptions to investors | | (33,334,235) | (35,627,000) |
| Net cash flows from/(used in) financing activities | | (19,511,005) | (12,974,358) |
| Net increase/(decrease) in cash and cash equivalents | | (1,838,788) | (2,107,840) |
| Cash and cash equivalents at the beginning of the financial year | | 6,274,949 | 8,382,789 |
| Cash and cash equivalents at the end of the financial year | | 4,436,161 | 6,274,949 |

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements set out on pages 9 to 16.

**Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020****1. Reporting entity**

The Scheme included in these financial statements is a registered Managed Investment Scheme under the *Corporations Act 2001*. The financial statements of the Scheme are for the financial year ended 30 June 2020.

2. Basis of preparation**2.1 Statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Scheme comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors of the Responsible Entity on 7 September 2020.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except financial instruments classified as term deposits and receivables which are measured at amortised cost and transaction price respectively. Refer to Note 3.6 Receivables and Note 3.7 Term deposits for further detail.

2.3 Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Scheme's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements which are in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions can refer to historical experience and various other factors that are believed to be reasonable using market participant assumptions in the current market environment based on what is known and knowable at the measurement date. The results of which forms the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, may result in the application of future judgement within those identified areas. Refer to Note 13 Significant events during the financial period for further detail.

2.5 Going concern

The financial statements have been prepared on a going concern basis.

2.6 Changes in accounting policies

There were no changes in the accounting policies of the Scheme during the financial year.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Scheme has not early adopted any accounting standard.

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020**3.1 Net assets attributable to investors**

In accordance with AASB 132 *Financial Instruments: Presentation*, investors' funds are classified as a financial liability and disclosed as such in the Statement of Financial Position, being referred to as 'Net assets attributable to investors'. Investors' holdings can be put back into the Scheme at any time for cash equal to the proportionate share of the Scheme's net asset value. The value of redeemable assets is measured at the redemption amount that is payable at the Statement of Financial Position date if investors exercised their right to put the investment back into the Scheme. Changes in the value of this financial liability are recognised in the Statement of Comprehensive Income.

3.2 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and term deposits with an original maturity of less than 3 months.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.3 Interest income

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

3.4 Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Interest expense may consist of early withdrawal adjustments charged to investors on withdrawal from term deposits prior to their maturity.

3.5 Taxation

Under current legislation the Scheme is not subject to income tax as each investor will have absolute entitlement to the underlying term deposits held in their separate accounts. All income derived from the term deposits accrue directly to investors.

3.6 Receivables

The Scheme adopted AASB 9 *Financial Instruments*. Receivables are measured at transaction price and may include amounts for accrued income.

Accrued income relates to interest income. Amounts are generally received at maturity for the 3, 6 and 12 month term deposit options. For terms greater than 12 months, interest is received annually on the anniversary start date of the term deposit and at maturity.

3.7 Term deposits

Term deposits are classified at amortised cost and disclosed in the Statement of Financial Position. Term deposits comprise of term deposits with an original maturity greater than 3 months.

The Scheme recognises term deposits on the date the Scheme becomes party to the contractual agreement. Term deposits are derecognised when the right to receive cash flows expires.

Term deposits are initially recorded in the Statement of Financial Position at cost. The majority of the Scheme's net assets attributable to investors are term deposits and therefore the accounting policies relating to the valuation of term deposits are significant.

3.8 Fair value measurement

The difference between fair value and carrying value for the Term deposits balance is immaterial.

3.9 Change in net assets attributable to investors

The movement in net assets attributable to investors is recognised in the Statement of Comprehensive Income.

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020

3.10 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, and have not been early adopted by the Scheme in preparing these financial statements. None of these are expected to have a material effect on the Scheme's financial statements.

4. Net assets attributable to investors

As stipulated within the Scheme's Constitution, investors have an absolute entitlement to the underlying term deposits, cash and receivables in their personal portfolios in the Scheme and have the right to withdraw these at any time less an early withdrawal adjustment.

Movement in the net assets attributable to investors of the Scheme during the year are as follows:

| | OneAnswer Separate Account Trust | |
|--|----------------------------------|--------------------|
| | 30 June 2020 \$ | 30 June 2019 \$ |
| Opening balance | 67,052,033 | 80,070,052 |
| Applications | 13,823,230 | 22,652,642 |
| Redemptions | (33,334,235) | (35,627,000) |
| Change in net assets attributable to investors | (394,096) | (43,661) |
| Closing balance | 47,146,932 | 67,052,033 |

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020

5. Receivables

The table below details the receivables held by the Scheme at the reporting date:

| | OneAnswer Separate Account Trust | |
|--------------------------|----------------------------------|----------------|
| | 30 June 2020 | 30 June 2019 |
| | \$ | \$ |
| Interest receivable | 341,692 | 736,026 |
| Total receivables | 341,692 | 736,026 |

6. Term deposits

The following table details the term deposits held by the Scheme at the reporting date:

| | OneAnswer Separate Account Trust | |
|--|----------------------------------|-------------------|
| | 30 June 2020 | 30 June 2019 |
| | \$ | \$ |
| Term deposits between 6 months and 12 months | 34,565,012 | 24,766,205 |
| Term deposits due greater than 12 months | 7,804,067 | 35,274,853 |
| Total term deposits | 42,369,079 | 60,041,058 |

7. Reconciliation of cash flows from operating activities

The table below details the reconciliation of cash flows from operating activities for the year as follows:

| | OneAnswer Separate Account Trust | |
|---|----------------------------------|-------------------|
| | 30 June 2020 | 30 June 2019 |
| | \$ | \$ |
| Profit/(Loss) from operating activities | 1,109,579 | 1,847,856 |
| Changes in operating assets and liabilities: | | |
| Proceeds from sale of investments | 28,342,164 | 26,704,979 |
| Purchase of investments | (10,670,185) | (15,838,000) |
| Net change in receivables | 394,334 | 43,200 |
| Income transferred out to investors | (1,503,675) | (1,891,517) |
| Net cash flows from/(used in) operating activities | 17,672,217 | 10,866,518 |

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020

8. Financial risk management

8.1 Introduction and overview

The Scheme is exposed to a variety of financial risks from investments in financial instruments. These risks include:

- credit risk
- liquidity risk
- market risk

This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk, and the Scheme's management of investors' funds.

8.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme, resulting in a financial loss to the Scheme. The main concentration of credit risk, to which the Scheme is exposed, arose from the Scheme's investments in term deposits.

8.2.1 Cash and cash equivalents

The Scheme's cash and cash equivalents and term deposits are held by Australia and New Zealand Banking Group Limited (ANZ). The credit rating of ANZ as determined by Standard & Poor's is AA- as at the reporting date.

8.2.2 Credit risk exposure

The carrying amount of cash and cash equivalents and term deposits represent the maximum exposure to credit risk.

At 30 June 2020, Management considers the probability of default to be low as ANZ, the issuers of term deposits, has a strong capability to meet its contractual obligation in the near term. As such, no loss allowance is deemed to be necessary based on 12 months expected credit loss.

8.3 Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from their financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Scheme.

The liquidity risk is represented by Net assets attributable to investors. Management mitigates this risk by being able to call the cash and cash equivalents and term deposits at any time.

8.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Scheme's income.

8.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The Scheme is subject to minimal interest rate risk as the majority of financial instruments held are fixed rate term deposits.

**Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020**

9. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Scheme:

| | OneAnswer Separate Account Trust | |
|---|----------------------------------|---------------|
| | 30 June 2020 | 30 June 2019 |
| | \$ | \$ |
| KPMG | | |
| - Financial statement audit Paid by Responsible Entity | 4,767 | 4,887 |
| - Compliance and regulatory Paid by Responsible Entity | 26,589 | 26,000 |
| Total audit fees paid | 31,356 | 30,887 |

10. Related parties

10.1 Responsible Entity

The Responsible Entity of the Scheme is OnePath Funds Management Limited (ABN 21 003 002 800). OnePath Funds Management Limited (OPFM) was a subsidiary of Australia and New Zealand Banking Group Limited (ANZ) up until 31 January 2020. Effective 1 February 2020 OPFM became a subsidiary of IOOF Holdings Limited (IOOF) and ANZ ceased to be a related party to the Scheme.

10.2 Key management personnel

The Scheme does not employ personnel in its own right. However, the Scheme is required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. The directors of the Responsible Entity, which are key management personnel, during or since the end of the financial year are:

| Name | Position Held | Date Appointed | Date Resigned |
|----------------|--|----------------------------|--------------------------|
| S J Chapman | Independent Non-Executive Director, Chairman | Appointed 1 August 2011 | Resigned 31 January 2020 |
| A H Chonowitz | Independent Non-Executive Director | Appointed 1 March 2015 | Resigned 31 July 2019 |
| M A Da Silva | Executive Director | Appointed 31 January 2020 | |
| L M Fricke | Independent Non-Executive Director | Appointed 7 September 2017 | Resigned 31 January 2020 |
| P G Mullin | Independent Executive Director | Appointed 1 March 2015 | Resigned 31 January 2020 |
| J Selak | Independent Non-Executive Director, Chairman | Appointed 31 January 2020 | |
| M A Somerville | Independent Non-Executive Director | Appointed 31 January 2020 | |

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the reporting period.

No director has entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving directors' interests existing at financial year end.

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020

10.3 Related party transactions

All related party transactions are conducted on commercial terms and conditions. Costs of the Scheme are borne by OnePath Funds Management Limited, the Responsible Entity of the Scheme.

The Directors of the Responsible Entity may also be employees and/or directors of other companies owned by IOOF. The Responsible Entity may also be involved in activities other than the business of managed investment schemes.

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity at any time during the reporting period.

During the year there was no compensation paid directly by the Scheme to the Directors of the Responsible Entity. From 1 July 2019 to 31 January 2020, Directors compensation was paid by a subsidiary of Australia and New Zealand Banking Group Limited. Effective from 1 February 2020, Directors compensation was paid by IOOF Service Co Pty Ltd (a wholly owned subsidiary of IOOF Holdings Ltd, the ultimate parent company of OPFM).

From time to time the Directors of OnePath Funds Management Limited may invest or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other investors in the Scheme.

10.4 Related party investments held by the Scheme

As at 30 June 2020, the Scheme held no investments either in the Responsible Entity or in any Scheme managed by the Responsible Entity.

10.5 ANZ Securities - Related party investments

OnePath Funds Management Limited was a subsidiary of ANZ up until 31 January 2020. Effective 1 February 2020, OPFM became a subsidiary of IOOF and ANZ ceased to be a related party to the Scheme. The Scheme's holdings in cash and term deposits, receivables and payables with ANZ as at 31 January 2020 are set out in the table below:

| | 2020 | 2019 |
|------------------------------------|--------------------------------|-----------------------------|
| | Value as at 31 January 2020 | Value as at 30 June 2019 |
| | \$ | \$ |
| Cash and term deposits (<=90 days) | 4,418,173 | 6,274,949 |
| Term deposits (>90 days) | 48,833,304 | 60,041,058 |
| Receivables | 409,407 | 736,026 |
| Payables | - | - |

For the financial period up to 31 January 2020, the Scheme was entitled to interest income (net of penalty interest) of \$779,241 (2019: \$1,847,856) from investments in cash and term deposits with ANZ.

11. Custodian

OnePath Funds Management Limited (ABN 21 003 002 800) is the custodian of the Scheme.

12. Commitments and contingencies

There were no commitments or contingencies for the Scheme as at the reporting date (30 June 2019: Nil).

Financial Report
Notes to the Financial Statements
for the financial year ended 30 June 2020

13. Significant events during the financial period

Sale of OnePath P&I business:

On 17 October 2017, Australia and New Zealand Banking Group Limited (ANZ), the ultimate parent company of OnePath Funds Management Limited (OPFM) (the Responsible Entity of the Scheme) announced the proposed sale of the OnePath Pensions and Investments (OnePath P&I) business to IOOF Holdings Limited and Australian Wealth Management Limited (IOOF).

On 9 December 2019, the Australian Prudential Regulation Authority (APRA) issued its approval for the OnePath P&I sale to IOOF. The sale of OnePath Funds Management Limited and transfer of ownership of the Responsible Entity of the Scheme to IOOF was completed on 31 January 2020. As a result, new Directors were appointed to OPFM Board effective 31 January 2020. In addition, the registered office and principal place of business of the Responsible Entity and the Schemes were changed from Level 23, 242 Pitt Street, Sydney, NSW 2000 to Level 6, 161 Collins Street, Melbourne, VIC 3000.

Effective 1 February 2020, ANZ ceased to be a related party to the Scheme. Refer to Note 10 Related parties for further detail.

As at 30 June 2020, OPFM continued to operate the Scheme and there have been no changes to the operations of the Scheme.

This significant event did not impact individual investor balances or units.

Coronavirus (COVID-19) pandemic impacts:

The Coronavirus has created market volatility and uncertainty for the global economy.

OPFM continues to operate the Scheme in accordance with the provisions of the Scheme's Constitution.

The Scheme mainly invests into the term deposits issued by ANZ which have fixed interest rates and as a result the market volatility had minimal impact on the Scheme. Refer to Note 8.2 Credit risk for further detail.

14. Likely developments and expected results of operations

The Scheme will continue to invest in cash and term deposits. Further information has not been included in this report to avoid the disclosure of information that may result in unreasonable prejudice to the Scheme.

15. Events subsequent to reporting date

Since 30 June 2020, the associated economic impacts of COVID-19, on macroeconomic conditions which may indirectly impact the Scheme, remain uncertain.

No other significant event has occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the Statement of Financial Position as at 30 June 2020 or on the results and cash flows of the Scheme for the financial year ended on that date.

Financial Report Directors' Declaration

OnePath Funds Management Limited presents the Directors' Declaration in respect of the following Scheme:

OneAnswer Separate Account Trust

In accordance with a resolution of the Directors of OnePath Funds Management Limited we state that:

In the opinion of the Directors:

1. The financial statements and notes to the financial statements of the Scheme, set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:
 - 1.1 giving a true and fair view of the Scheme's financial position as at 30 June 2020 and its performance for the financial year ended on that date.
 - 1.2 complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The financial statements and notes to the financial statements of the Scheme, set out on pages 5 to 16 comply with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

This Declaration is made in accordance with a resolution of the Directors of OnePath Funds Management Limited.



John Selak
Director

Melbourne

7 September 2020



Independent Auditor's Report

To the investors of OneAnswer Separate Account Trust ('the Scheme'):

Opinion

We have audited the **Financial Report** of the Scheme.

In our opinion, the accompanying Financial Report of the Scheme is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Scheme's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of Financial Position as at 30 June 2020;
- Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration made by the Directors of OnePath Funds Management Limited (the Responsible Entity).

The financial year is the 12 months ended on 30 June 2020.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Scheme and the Responsible Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Scheme's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Andrew Reeves

Partner

Sydney
7 September 2020



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of OnePath Funds Management Limited, the Responsible Entity for the following Scheme:

OneAnswer Separate Account Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of the Scheme for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Andrew Reeves

Partner

Sydney
7 September 2020

CONTACT DETAILS FOR THE SCHEMES

CUSTOMER SERVICES

 13 38 63 weekdays between 8.30am and 6.30pm (AEST)

 customer@onepath.com.au

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RESPONSIBLE ENTITY

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CUSTODIAN

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AUDITOR

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