

ANZ OneAnswer – Janus Henderson Global Fixed Interest Total Return – Fund termination

PDS UPDATE | DECEMBER 2020

In this Product Update we provide important information about the termination and replacement of the Janus Henderson Global Fixed Interest Total Return Fund available through the ANZ OneAnswer suite of products. This information is relevant to current investors.

For clients of ANZ OneAnswer Investment Portfolio this document is a Continuous Disclosure Notice issued by OnePath Funds Management Limited (OPFM).

What are the changes?

Following a strategic review, Janus Henderson Investors (Janus Henderson) announced the termination of the Janus Henderson Global Fixed Interest Total Return Fund (Janus Fund), into which the ANZ OneAnswer – Janus Henderson Global Fixed Interest Total Return investment option (the Option) invests.

As a result of the termination, the Option is no longer available for contributions or investments by ANZ OneAnswer investors. The Option was removed from the ANZ OneAnswer investment menus on 1 December 2020.

We have chosen the Ardea Real Outcome Fund (the Ardea Fund) as an appropriate replacement underlying fund for our investors in the Option.

As soon as the capital is received from Janus Henderson it will be reinvested into the Ardea Fund to ensure continuity of investment for current investors.

Why has the Ardea Real Outcome Fund been selected?

The main reasons for selecting the Ardea Fund are:

- investors can continue to have their investment managed in a similar manner to the Option. For example, the Ardea Fund is also a fixed income fund and like the Janus Fund, has an unconstrained approach with an absolute return focus. There are some differences between the two funds which are noted following.
- the Ardea Fund is highly rated by external research houses which believe in the investment team's strategy, investment process and ability to deliver on its investment objectives.
- historical evidence shows the Ardea Fund has delivered stronger absolute performance than the Janus Fund over both the short and longer term, as well as superior risk adjusted performance.
- the Ardea Fund has achieved its investment objective of delivering low volatility returns exceeding cash rates and inflation over both the short and longer term.
- we believe these factors support the selection as being in the best interests of investors.

Note there are some differences between the two funds including the below:

- Ardea Investment Management uses predominantly 'relative value' and risk management investment strategies, whereas Janus Henderson uses other strategies including duration management and credit exposure.
- The Janus Fund invests in corporate credit whereas the Ardea Fund does not.

For more information about the Ardea Fund please refer to the attached 'Additional information'.

When will the transition to the Ardea Fund take place?

The transition will take effect on, or around, 11 December 2020.

How does the transition work?

The changes will occur at the underlying asset level of the Option. Investors will not see a transaction on their account as there will be no switch of units or change in the number of units they hold, or the unit price (aside from impacts resulting from transaction costs).

Will the Option name be updated?

Yes, the Option name will be updated as soon as practicable to reflect the new underlying investment in the Ardea Fund. We expect the change to occur in early 2021.

The new name will also be reflected in the ANZ OneAnswer Product Disclosure Statements at the next reissue which is scheduled for early 2021.

Are there any changes to ongoing fees and costs?

There are no changes to ongoing fees charged to accounts.

The current Indirect Costs estimate for the Ardea Fund are zero.

There are new buy and sell spreads of 0.05% and 0.05% respectively for future transactions.

Will there be any costs incurred at transition?

At the time of transition, the Option will incur a total transaction cost of 0.10%, which is made up of the buy and sell spreads of the Ardea Fund which are 0.05% and 0.05%.

Will the transition have any tax implications?

Yes, the transition is a capital gain event. However, the Option is currently in a capital loss position. For Investment clients this means no capital gains will be passed on as a result of the transition.

Is the Ardea Fund available for investors' contributions?

Yes.

What else do investors need to know?

The capital received from Janus Henderson will be automatically transitioned to the Ardea Fund. This is expected to occur on or around 11 December 2020.

Any questions?

If you have any questions or require further information, please:

- speak to your financial adviser
- call Customer Services on **13 38 63**, weekdays between 8.30am and 6.30pm (AEST)
- email customer@onepath.com.au

Additional information

Janus Henderson Global Fixed Interest Total Return Fund			Ardea Real Outcome Fund		
Investment objective			Investment objective		
The fund seeks to achieve a positive total return with moderate volatility, through capital appreciation and income.			The fund targets a stable return in excess of inflation over the medium term.		
Investment strategy			Investment strategy		
<p>The fund aims to deliver a positive total return through a combination of capital growth and income by investing in a broad range of global fixed interest asset classes. The fund is managed on a benchmark unaware basis. This gives the Manager flexibility to access a wide range of investments, manage downside risk during periods of falling markets and avoid sectors that do not offer value, irrespective of their size or weight in global fixed interest markets.</p> <p>Flexible asset allocation allows the fund to adapt to changing economic and market conditions, while retaining moderate volatility. Risk is managed through both bottom-up fundamental analysis of securities to assess creditworthiness and top down active asset allocation.</p>			<p>The fund aims to deliver a real return of Australian CPI + 2.0% p.a. over a rolling three-year period. The fund adopts a 'relative value' investment strategy to access a much broader range of fixed income return sources that are independent of the level or direction of interest rates. This strategy aims to combine pure relative value return sources with risk management strategies to provide returns that are independent of the direction of interest rates and broader market fluctuations. The fund is a longer term, fundamentally driven, value investor with a focus on liquidity and diversification.</p>		
Minimum time horizon			Minimum time horizon		
3 years			3 years		
Distribution frequency			Distribution frequency		
Quarterly (Investment Portfolio only)			Quarterly		
Standard Risk Measure			Standard Risk Measure		
5 - Medium to high			3 - Low to medium		
Asset allocation			Asset allocation		
Asset class	Benchmark (%)	Range (%)	Asset class	Benchmark (%)	Range (%)
Investment grade bonds	n/a	0-100	Cash	n/a	0 - 10
High yield bonds*	n/a	0-50	Commonwealth Gov bonds, semi-gov bonds and overseas gov bonds	n/a	90 - 100
Asset backed securities†	n/a	0-30			
Secured loans	n/a	0-30			
Cash‡	n/a	0-20			

Underlying fund: Janus Henderson Global Fixed Interest Total Return Fund

* Including hybrid and convertible debt

† Floating rate (variable coupon) securities, including but not limited to, residential mortgage backed securities, commercial mortgage backed securities, other asset backed securities and collateralised loan obligations.

‡ In exceptional circumstances, the fund may temporarily hold up to 50% in cash (or cash equivalents) at the discretion of the fund manager.

The above ranges are indicative only. If the fund's exposure moves outside these ranges, the fund manager will seek to rebalance the fund within a reasonable period of time.

Who is Ardea Investment Management?

Ardea Investment Management (Ardea) is a predominantly Sydney-based multi-strategy fixed income manager founded in 2008. It is majority owned by employees, with Fidante Partners and Ambassador Funds management being the minority shareholders.

Ardea manages over \$17.1bn in assets (as at September 2020) across a suite of active investment strategies. Ardea has outsourced non-investment functions to Fidante Partners to provide investment operations and corporate services, as well as distribution and related services. Ardea is co-founded by four ex-Credit Suisse Asset Management professionals with over 20 years of investment experience on average. The investment team is broadly split across the investment strategy team and the risk and implementation team. The former portfolio management; the latter is responsible for trade execution, risk monitoring and compliance.

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