



# *Enhancements to ING's diversified investment funds*

**Effective 1 November 2005**

Our investment managers, ING Investment Management Limited (INGIM), recently conducted a review of ING's diversified investment funds. As a result, effective 1 November 2005, there will be changes to some of the funds as outlined below.

## **1. Introduction of new asset classes**

This means that there will be additional types of investment categories (i.e. asset classes) in some funds.

The new asset classes are:

- > global property
- > alternative investments.

Further information on these asset classes is provided in the fact sheet below.

## **2. Asset allocation ranges**

The minimum and maximum levels in which INGIM may adjust exposure to an asset class in some funds are changing.

The asset allocation ranges are being changed to allow for:

- > a strategic increase in the weighting of international fixed interest and reduction in domestic fixed interest
- > wider tactical asset allocation ranges
- > the introduction of enhanced cash within some funds.

## **3. Asset allocation benchmarks**

The exposure to a particular asset class (i.e. the asset allocation benchmark) is changing for some funds. The new benchmarks reflect what INGIM has recommended are the most appropriate for the funds to meet their investment objectives over the long term.

Benchmark exposure to foreign exchange will remain unchanged. However, foreign exchange exposure will be managed more actively. Active currency management means buying undervalued currencies and selling overvalued currencies, with a view to increasing the return available in Australian dollars for the benefit of the total portfolio.

### **The changes will not affect the split between defensive assets and growth assets.**

Defensive assets are assets that tend to have lower volatility such as fixed interest, mortgages and cash (although sometimes they can produce negative returns). Growth assets include Australian and international shares and property securities.

### **Why is this happening?**

The changes result from an ongoing commitment by INGIM to regularly review ongoing asset allocations. The aim of the review is to better enable the funds to achieve their return objectives. Asset allocation reviews are essential because markets are continually evolving and strategies must adapt in order to continue to meet investment objectives.

INGIM is well placed to carry out the asset allocation review and make investment decisions. As a leading investment management firm, it was awarded Money Management's prestigious Fund Manager of the Year Award 2005 in the multi-sector category for its management of diversified investment funds.

### **What do you need to do?**

You do not need to do anything as a result of the changes. INGIM will actively manage the investment portfolios in accordance with the changes. Asset allocation benchmarks and ranges may be changed without prior notice when the change does not alter the risk profile of the fund.

### **Any questions?**

If you have any questions or would like further information, please:

1. speak to your ANZ Financial Planner
2. call Customer Services on 13 38 63, weekdays between 8.00am and 8.00pm (Sydney time)
3. email us at [anz.investment@ing.com.au](mailto:anz.investment@ing.com.au)

**For information on the products and funds impacted by the changes, please see the fact sheet below.**

# Fact sheet

## Enhancements to ING's diversified investment funds

This fact sheet contains:

1. a summary of the products and funds impacted by the changes to ING's diversified investment funds
2. a comparison of asset classes, asset allocation ranges and benchmarks for each fund before and after 1 November 2005
3. a brief explanation of the new asset classes.

### Products and funds impacted by the changes

| Product   | Funds within the product that are impacted by the changes  |
|---|--|
| ANZ OneAnswer Investment Portfolio<br>ANZ OneAnswer Personal Super<br>ANZ OneAnswer Allocated Pension<br>ANZ OneAnswer Term Allocated Pension | ING Income<br>ING Income Plus<br>ING Conservative<br>ING Balanced<br>ING Managed Growth<br>ING Tax Effective Income<br>ING Active Growth<br>ING High Growth* |
| ANZ Corporate Super   | ING Capital Stable<br>ING Balanced<br>ING Managed Growth<br>ING High Growth*   |
| Integra Super   | ING Capital Stable<br>ING Balanced<br>ING Managed Growth<br>ING High Growth*   |
| ANZ Superannuation Pool Funds   | ANZ Diversified Stable<br>ANZ Growth   |
| ANZ Allocated Pension   | ANZ Wholesale Income<br>ING Wholesale Capital Stable<br>ANZ Diversified Stable<br>ING Wholesale Balanced<br>ANZ Wholesale Balanced<br>ANZ Growth             |
| ANZ Approved Deposit Funds  | ANZ Growth   |
| ANZ Deferred Annuity  | ANZ Diversified Stable<br>ANZ Managed  |
| ANZ Investment Bond   | ANZ Diversified Stable<br>ANZ Managed  |

| Product                              | Funds within the product that are impacted by the changes  |
|--------------------------------------|--|
| ANZ Direct Super Investments         | ANZ Direct Diversified Stable<br>ANZ Direct Balanced   |
| ANZ Flexible Income Plan             | ANZ Income<br>ANZ Conservative<br>ANZ Diversified Stable<br>ANZ Balanced<br>ANZ Managed<br>ANZ Growth  |
| ANZ Personal Superannuation Bond     | ANZ Income<br>ANZ Conservative<br>ANZ Diversified Stable<br>ANZ Balanced<br>ANZ Managed<br>ANZ Growth  |
| ANZ Public Retirement Funds          | ANZ Public Retirement Fund - Self Employed<br>ANZ Public Retirement Fund – Employees<br>(refer to 'Managed Growth' table below)  |
| ANZ Super Advantage                  | ANZ Wholesale Income<br>ING Capital Stable<br>ANZ Diversified Stable – Superannuation Pool<br>ANZ Wholesale Diversified Stable<br>ING Balanced<br>ING Managed Growth (formerly ANZ Growth)<br>ING High Growth* |
| ANZ Traditional and Savings products | ANZ Managed<br>ANZ Traditional Participating Policies<br>(refer to 'Managed Growth' table below)   |
| ANZ Wholesale Investment Trust       | ANZ Wholesale Income Trust<br>ANZ Wholesale Conservative Trust<br>ANZ Wholesale Balanced Trust<br>ANZ Wholesale Growth Trust   |
| ANZ Portfolio Manager                | ANZ Wholesale Income<br>ANZ Wholesale Conservative<br>ING Wholesale Capital Stable<br>ING Wholesale Balanced<br>ANZ Wholesale Balanced<br>ANZ Wholesale Growth   |

\* The asset allocation benchmark and ranges for ING High Growth are unchanged following the review; foreign currency exposure for ING High Growth will be actively managed.

### The changes for each diversified investment fund

The tables below compare the asset allocation classes, asset allocation ranges and benchmarks for each fund before and after 1 November 2005.

## Capital Stable

(Includes: ING Capital Stable, ING Stable (Pensions), ING Wholesale Capital Stable Trust, ING Annuity and Pension Stable)

| Asset allocation from 01/11/05 |               |           |
|--------------------------------|---------------|-----------|
| Asset class                    | Benchmark (%) | Range (%) |
| Cash                           | 15            | 0-35      |
| Enhanced cash                  | 15            | n/a       |
| Australian fixed interest      | 30            | 10-50     |
| International fixed interest   | 20            | 5-35      |
| Property securities            | 2.5           | 0-5       |
| Global property                | 0             | 0-5       |
| Australian shares              | 15            | 10-20     |
| International shares           | 2.5           | 0-5       |

| Previous asset allocation    |               |           |
|------------------------------|---------------|-----------|
| Asset class                  | Benchmark (%) | Range (%) |
| Cash                         | 30            | 15-50     |
| Australian fixed interest    | 40            | 25-55     |
| International fixed interest | 10            | 5-15      |
| Property securities          | 2.5           | 0-5       |
| Australian shares            | 15            | 10-20     |
| International shares         | 2.5           | 0-5       |

## Income

(Includes: ANZ Wholesale Income Trust, ANZ Wholesale Income, ANZ Income and ING Income)

| Asset allocation from 01/11/05 |               |           |
|--------------------------------|---------------|-----------|
| Asset class                    | Benchmark (%) | Range (%) |
| Cash                           | 10            | 0-30      |
| Enhanced cash                  | 10            | 5-15      |
| Mortgages                      | 10            | 5-15      |
| Diversified fixed interest     | 55            | 35-75     |
| Property securities            | 5             | 0-10      |
| Global property                | 0             | 0-10      |
| Australian shares              | 10            | 5-15      |

| Previous asset allocation    |               |           |
|------------------------------|---------------|-----------|
| Asset class                  | Benchmark (%) | Range (%) |
| Cash                         | 50            | 20-70     |
| Australian fixed interest    | 15            | 0-50      |
| International fixed interest | 10            | 0-50      |
| Private sector debt          | 10            | 0-30      |
| Property securities          | 5             | 0-15      |
| Australian shares            | 10            | 0-20      |

## Tax Effective Income

(Includes: ING Tax Effective Income and Tax Effective Income Trust - Wholesale Units)

| Asset allocation from 01/11/05 |               |           |
|--------------------------------|---------------|-----------|
| Asset class                    | Benchmark (%) | Range (%) |
| Cash                           | 0             | 0-25      |
| Australian fixed interest      | 30            | 0-40      |
| Property securities            | 30            | 20-40     |
| Australian shares              | 40            | 30-50     |

| Previous asset allocation |               |           |
|---------------------------|---------------|-----------|
| Asset class               | Benchmark (%) | Range (%) |
| Cash                      | 10            | 0-25      |
| Australian fixed interest | 20            | 0-50      |
| Property securities       | 30            | 20-60     |
| Australian shares         | 40            | 20-60     |

## Balanced

(Includes: ING Balanced, ING Wholesale Balanced Trust, ANZ Wholesale Balanced, ANZ Balanced, ANZ Direct Balanced, ING Annuity and Pension Balanced)

| Asset allocation from 01/11/05 |               |           |
|--------------------------------|---------------|-----------|
| Asset class                    | Benchmark (%) | Range (%) |
| Cash                           | 10            | 0-30      |
| Australian fixed interest      | 20            | 5-35      |
| International fixed interest   | 10            | 0-20      |
| Property securities            | 5             | 0-10      |
| Global property                | 0             | 0-10      |
| Australian shares              | 35            | 20-50     |
| International shares           | 20            | 5-35      |
| Alternative investments        | 0             | 0-10      |

| Previous asset allocation    |               |           |
|------------------------------|---------------|-----------|
| Asset class                  | Benchmark (%) | Range (%) |
| Cash                         | 10            | 0-30      |
| Australian fixed interest    | 25            | 10-40     |
| International fixed interest | 5             | 0-10      |
| Property securities          | 5             | 2.5-7.5   |
| Australian shares            | 35            | 20-50     |
| International shares         | 20            | 10-30     |

## Conservative Growth

(Includes: ANZ Diversified Stable Fund, ANZ Diversified Stable – Superannuation Pool, ANZ Wholesale Diversified Stable, ANZ Direct Diversified Stable, ANZ Wholesale Conservative, ANZ Conservative and ING Conservative)

| Asset allocation from 01/11/05 |               |           |
|--------------------------------|---------------|-----------|
| Asset class                    | Benchmark (%) | Range (%) |
| Cash                           | 10            | 0-30      |
| Enhanced cash                  | 10            | n/a       |
| Australian fixed interest      | 30            | 10-50     |
| International fixed interest   | 20            | 5-35      |
| Property securities            | 5             | 0-10      |
| Global property                | 0             | 0-10      |
| Australian shares              | 15            | 10-20     |
| International shares           | 10            | 5-15      |
| Alternative investments        | 0             | 0-7.5     |

| Previous asset allocation    |               |           |
|------------------------------|---------------|-----------|
| Asset class                  | Benchmark (%) | Range (%) |
| Cash                         | 10            | 5-40      |
| Enhanced cash                | 10            | n/a       |
| Australian fixed interest    | 40            | 25-55     |
| International fixed interest | 10            | 5-15      |
| Property securities          | 5             | 2.5-7.5   |
| Australian shares            | 15            | 10-20     |
| International shares         | 10            | 5-15      |

## Managed Growth

(Includes: ING Managed Growth, ING Wholesale Managed Growth Trust, ING Annuity and Pension Balanced, ING Growth, ANZ Growth, ANZ Managed, ANZ Public Retirement Fund - Self Employed, ANZ Public Retirement Fund – Employees, ANZ Traditional Participating Policies and ANZ Wholesale Growth)

| Asset allocation from 01/11/05 |               |           |
|--------------------------------|---------------|-----------|
| Asset class                    | Benchmark (%) | Range (%) |
| Cash                           | 5             | 0-30      |
| Australian fixed interest      | 15            | 0-30      |
| International fixed interest   | 10            | 0-20      |
| Property securities            | 10            | 2-18      |
| Global property                | 0             | 0-10      |
| Australian shares              | 35            | 20-50     |
| International shares           | 25            | 10-40     |
| Alternative investments        | 0             | 0-10      |

| Previous asset allocation    |               |           |
|------------------------------|---------------|-----------|
| Asset class                  | Benchmark (%) | Range (%) |
| Cash                         | 5             | 0-30      |
| Australian fixed interest    | 20            | 5-35      |
| International fixed interest | 5             | 0-10      |
| Property securities          | 10            | 6-14      |
| Australian shares            | 35            | 20-50     |
| International shares         | 25            | 15-35     |

## Active Growth

| Asset allocation from 01/11/05 |               |           |
|--------------------------------|---------------|-----------|
| Asset class                    | Benchmark (%) | Range (%) |
| Cash                           | n/a           | 0-50      |
| Australian fixed interest      | n/a           | 0-50      |
| International fixed interest   | n/a           | 0-50      |
| Property securities            | n/a           | 0-30      |
| Global property securities     | n/a           | 0-20      |
| Australian shares              | n/a           | 0-80      |
| International shares           | n/a           | 0-40      |

| Previous asset allocation    |               |           |
|------------------------------|---------------|-----------|
| Asset class                  | Benchmark (%) | Range (%) |
| Cash                         | n/a           | 0-50      |
| Australian fixed interest    | n/a           | 0-70      |
| International fixed interest | n/a           | 0-30      |
| Property securities          | n/a           | 0-30      |
| Australian shares            | n/a           | 0-80      |
| International shares         | n/a           | 0-40      |

### The new asset classes

#### Global property

Global property involves investing in listed property securities in global markets. The depth and size of the global property market from both a geographic and industry perspective creates greater diversification benefits for investors.

#### Alternative investments

Alternative investments are investments that do not trade publicly on an organised exchange.

Examples include:

1. private equity
2. leveraged leases
3. direct property and property related investments (e.g. infrastructure assets)
4. commodities.

The benefit of adding alternative investments to a diversified portfolio is that the returns from alternative investments are not influenced by the volatility of sharemarket behaviour.