

Investment Portfolio

Incorporated Material

5 May 2008

How do I read this Incorporated Material?

This Incorporated Material provides further information and/or specific terms and conditions referred to in Part One of the ANZ OneAnswer Investment Portfolio Product Disclosure Statement (PDS) dated 5 May 2008.

The PDS is comprised of:

Part One – Product Book

Part Two – Investment Book

You should read both parts of the PDS. We recommend that you also obtain and read this Incorporated Material before making an investment decision.

This Incorporated Material is publicly available on the ANZ website, at www.anz.com › Investments & Advice › Products & Services › Managed Investments › ANZ OneAnswer Investment Portfolio and may be obtained on request free of charge by contacting Customer Services on 13 38 63.

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How do I set up my ANZ OneAnswer Investment Portfolio?

How can I set up a Regular Investment Plan?

The Regular Investment Plan allows you to make regular direct debit payments into your investment portfolio. The minimum investment per month or quarter is \$100 per investment fund.

Your regular payments will be made on or around the 15th of the month. Generally your first payment will occur in the month following the receipt of your investment.

You can defer, stop or alter your Regular Investment Plan at any time by writing to us at least two weeks before the next debit is due.

Establish a Regular Investment Plan by completing either:

- › the direct debit section in the Application Form when making your initial investment
- › a Regular Investment Plan/Regular Draw-down Plan Form at any time.

Please note this facility is not available for the ING Income investment fund.

Terms and conditions

- › Units will be issued on the basis of the terms of the PDS current at the time each regular investment is made. A current PDS can be obtained from the ANZ website or by contacting Customer Services.
- › If a payment is not received by us because of insufficient money in your nominated financial institution account, we will contact you and ask if you wish to make the payment directly. Your financial institution may charge a fee for the attempted transaction.
- › For all investment funds we have the right to recover any costs incurred in respect of any failed transaction. This amount does not currently exceed \$10 per investment, but may be varied in the future.
- › If payments are not received for three consecutive months, your Regular Investment Plan will automatically be cancelled. We reserve the right to cancel your Regular Investment Plan at any time or discontinue processing future investments from all or particular investors for any reason. If this occurs, units already issued will not be affected.

How can I receive a regular payment from my investment?

Regular Draw-down Plan

The Regular Draw-down Plan allows you to receive a regular payment from your investment by withdrawing units from your ANZ OneAnswer Investment Portfolio.

You can choose to receive a fixed amount each month or quarter of \$100 or more per investment fund, provided the total value of your investments in ANZ OneAnswer Investment Portfolio remains above \$20,000. If your total investment portfolio balance falls below \$20,000 we may cancel your Regular Draw-down Plan.

Amounts will be credited to your nominated Australian financial institution account on or around the 15th of each month. However, for the regular draw-down occurring immediately after the end of the financial year, i.e. 15th July, there may be a delay due to the additional processing required for end of financial year.

Your first payment will occur in the month following the date your request is received.

You can defer, stop or alter your Regular Draw-down Plan at any time by notifying us in writing at least two weeks before the next payment date.

Please refer to page 9 for the terms and conditions associated with withdrawing money.

Establish a Regular Draw-down Plan by completing either:

- › the Regular Draw-down Plan section in the Application Form
- › a Regular Investment Plan/Regular Draw-down Plan Form at any time.

Please note this facility is not available for the ING Income investment fund.

Regular Withdrawal Plan (ING Income only)

The Regular Withdrawal Plan only applies to money invested in ING Income, and is designed to provide a fixed payment each month. You nominate the amount you want to receive and if the monthly income return on your investment is higher than your nominated amount, the excess is automatically reinvested, increasing your capital.

If the amount you want to receive is higher than the monthly income return on your investment, the shortfall will cause an automatic withdrawal of some of your units, reducing your capital. There may be capital gains tax implications as a result of the withdrawal. No Withdrawal Fees are payable on these withdrawals. If a withdrawal of units is required to meet your nominated amount, and there are insufficient units to meet your request, all units will be withdrawn and paid to you and your investment in the fund will be closed.

Your payments will be deposited into your nominated financial institution account. The minimum monthly amount you can receive is \$20, and nominations must be in multiples of \$10.

You are free to alter the amount you receive up to four times per year without charge. We may charge a fee of \$10 for any subsequent changes. Any changes must be made in writing no later than the 10th day of the month prior to the month the revised amount is being paid.

You will receive your first payment at the end of the month following the month you set up the Regular Withdrawal Plan (i.e. if you set up the plan in April, you will receive your first payment at the end of May).

How do I add the auto-rebalance facility to my investment?

The auto-rebalance facility works by switching units between investment funds in order to realign your investment allocation as per your nominated investment profile.

You may nominate a tolerance level to prevent a rebalance for significantly low amounts. If you do not nominate a tolerance level, auto-rebalances will only occur where the difference between your investment allocation and investment profile is greater than 5%.

For example, you initially invest 50% into Fund A and 50% into Fund B and you want to maintain this investment profile. Over time, unit price movements and transactions made on your account may change your investment allocation so that Fund A is now 60% and Fund B is 40%. If this change is outside your nominated tolerance level, the auto-rebalance facility will automatically rebalance your portfolio, at the frequency you nominate, to your initial Fund A 50% and Fund B 50% investment profile.

Frequency of auto-rebalancing

You can choose to auto-rebalance your investment either:

- › quarterly (22 February, 22 May, 22 August and 22 November)
- › half-yearly (22 May and 22 November)
- › yearly (22 May).

Auto-rebalancing occurs on the dates above or the next Sydney business day and will occur after all other transactions on your account have been processed.

You can request to auto-rebalance your investment by either:

- › completing the relevant section on the Application Form
- › adding this facility to your account at a later date by completing the auto-rebalance section on the Switch Request Form. This form is available from your ANZ Financial Planner or by contacting Customer Services.

Important information about the auto-rebalance facility

- › Currently no fee is charged for using this facility, however any Entry Fees, Withdrawal Fees or transaction costs that currently apply when switching will apply.
- › Switching is a withdrawal from one fund and a new investment into another. Therefore, you may realise a capital gain or loss.
- › All additional investments, switches or withdrawals may affect your auto-rebalance facility. We will cancel the auto-rebalance facility on your account if you fully redeem from an investment fund or make an investment into a fund that you do not hold units in.
- › An auto-rebalance only takes place when your investment allocation differs from your nominated profile by at least the selected tolerance level at the next auto-rebalance date. The default tolerance level is 5%. For example, if your nominated investment profile is to be invested in Fund A 50% and Fund B 50%, then auto-rebalance will be triggered when your investment in Fund A or Fund B is at least 5% higher or lower, i.e. Fund A 56% and Fund B 44%. Regardless of market performance, auto-rebalancing will occur automatically at your nominated frequency.
- › You can amend or cancel your auto-rebalance facility by notifying us at least two weeks prior to the next auto-rebalance date. Amendments to your nominated profile can be made by completing the auto-rebalance section on the Switch Request Form. To cancel your auto-rebalance facility, simply complete a Change of Details Form.

How can I borrow money to invest?

For your convenience, we have included a margin lending facility in ANZ OneAnswer Investment Portfolio. This facility is called ANZ Margin Lending and is a product of ANZ, a market leader in the provision of margin lending services. ANZ is responsible for all statements and information about margin lending in this book.

Margin lending is not regulated by the Corporations Act. Consequently, the information about margin lending in this document does not form a part of this PDS and is not regulated by the Corporations Act. The information provided here is intended as a guide only. It is not intended to be a substitute for professional advice and should not be relied upon as such. ANZ recommends that you consult an ANZ Financial Planner before making any investment decisions.

Features of ANZ Margin Lending

Margin loan product features	
Minimum initial investment	\$10,000
Minimum loan balance	\$10,000*

Regular Geared Savings Plan product features	
Minimum initial investment	\$2,500
Minimum loan balance	\$5,000*
Minimum monthly investment	\$100
Minimum monthly loan advance	\$100
Total minimum monthly investment	\$200

* Monthly Account Keeping Fee: a fee of \$20 will be charged to your account where the average monthly loan balance owing is less than the minimum required. Zero and/or credit balances also attract this fee. Where applicable, this fee is charged at the end of each month and is debited to your loan account.

Note: the Regular Draw-down Plan is not available for use with margin lending.

You are free to apply for a margin loan at any time. You are also free to use external margin lending facilities with ANZ OneAnswer Investment Portfolio.

How much you can borrow

The maximum amount you can borrow depends on three factors:

- › how much you have invested in ANZ OneAnswer Investment Portfolio
- › which investment fund(s) you are investing in
- › other securities offered.

Each investment fund has a maximum Loan to Value Ratio (LVR), which determines the maximum amount of money you can borrow when investing in that fund.

For example, ING Blue Chip Imputation currently has a maximum LVR of 70%, meaning if you had \$30,000 to invest, you could borrow a further \$70,000, bringing your total portfolio to \$100,000. The borrowed amount is 70% of the total portfolio.

How a margin loan works

A margin loan is built around the LVR of each investment fund. This ratio is the amount of money you contribute compared to the amount you borrow. For example, if you have an investment portfolio of \$100,000, of which \$50,000 is your own money and you borrowed the remaining \$50,000, the LVR would be 50% (the gearing ratio will be 50:50). The lender will set a maximum LVR depending on the managed funds you are investing in. If the percentage of borrowed money rises above the maximum LVR and a buffer (5%), you may receive a margin call.

Maximum LVRs for each investment fund

The maximum LVR generally available on any of the investment funds is 70%, however some of the funds have lower LVRs depending on their risk profile. Please refer to www.anz.com for the latest LVRs for each investment fund.

Loan types

ANZ Margin Lending offers two types of margin loans – variable interest or fixed interest. Current interest rates can be viewed online at www.anz.com

Variable

For a variable loan, the interest rate can vary and is calculated daily and charged to your account at the end of every month. You are not required to make regular repayments on either the borrowed amount or the interest which is capitalised to your loan but you must ensure that your loan remains under the maximum LVR as outlined above.

You can make regular repayments to your variable loan or set up a direct debit for monthly interest repayments. Please contact ANZ Margin Lending for further details.

Fixed

For a fixed rate loan, the loan amount, interest rate and loan terms are all fixed. The interest is charged and prepaid for the whole term at the commencement of the loan.

Prepaid interest is non-refundable. You are not required to make regular repayments on the borrowed amount as long as you ensure that the loan remains under the maximum LVR as outlined above. Depending on your individual circumstances, you may be able to deduct interest expenses and borrowing fees for tax purposes.

Regular Geared Savings Plan

The Regular Geared Savings Plan allows you to borrow further amounts on a monthly basis. To use the Regular Geared Savings Plan you will need a minimum starting deposit of \$2,500 to support a minimum loan balance of \$5,000. You then need to contribute a minimum of \$100 per month, and ANZ Margin Lending will lend a minimum of \$100 per month, bringing the total minimum monthly investment to \$200. There is also a minimum investment of \$100 per investment fund.

Please note: you cannot use the Regular Geared Savings Plan and the Regular Investment Plan at the same time. For more information on the Regular Investment Plan see page 2 of this book.

Managing risk

Margin calls

A margin call is a request for you to rebalance your portfolio when the borrowed amount in your portfolio rises above the security value and a 5% buffer. It is a requirement of the margin loan that the margin call is cleared within 24 hours of it first occurring.

For example, let's say you have a total investment portfolio of \$100,000 with a loan amount of \$70,000 and a maximum LVR of 70%. If the market drops by 5%, then the current value of your portfolio drops to \$95,000. The \$70,000 you borrowed now represents 73.68% of the current value of the portfolio, which is greater than the allowed LVR of 70%.

To allow for market fluctuations ANZ Margin Lending uses a buffer, which is equal to 5% of the market value of the portfolio's approved managed funds.

Example: Account within the buffer

Example	
Original portfolio value	\$100,000
Maximum LVR	70%
Market fluctuation	-5%
Current investment portfolio value	\$95,000
Maximum LVR amount	\$66,500 (70% of the current investment portfolio value)
Actual loan amount	\$70,000
Actual LVR	73.68%
Shortfall	\$3,500 (amount the actual loan exceeds the maximum LVR amount)
Buffer	\$4,750 (5% of the current investment portfolio value)
Remaining buffer	\$1,250
Margin call	No

In this example, a margin call would not be triggered because the shortfall did not exceed the 5% buffer. However, it is suggested you rebalance your portfolio above the 5% buffer to reduce the chance of a margin call. It is important to understand that when the value of your managed funds is falling, the dollar value of the buffer limit also reduces.

Example: When the shortfall exceeds the buffer

Using the same example, this time the market drops by 10% resulting in a margin call.

Example	
Original portfolio value	\$100,000
Maximum LVR	70%
Market fluctuation	-10%
Current investment portfolio value	\$90,000
Maximum LVR amount	\$63,000 (70% of the current investment portfolio value)
Actual loan amount	\$70,000
Actual LVR	77.78%
Shortfall	\$7,000 (amount the actual loan exceeds the maximum LVR amount)
Buffer	\$4,500 (5% of the current investment portfolio value)
Remaining buffer	Nil
Margin call	Yes

If the shortfall exceeds your buffer, the result is a margin call. When a margin call is triggered you have 24 hours to rebalance your portfolio (to ensure your portfolio is within the security value). In this case, you could do one of the following:

- › add to your existing investment in ANZ OneAnswer Investment Portfolio
- › reduce the amount you owe by depositing funds into your loan account held with ANZ Margin Lending
- › sell sufficient holdings in your ANZ OneAnswer Investment Portfolio and use the proceeds to repay part of the loan
- › contribute additional ANZ approved securities.

When a margin call is triggered, ANZ Margin Lending will attempt to contact you. However, it remains your responsibility to monitor your loan and ensure it remains under the maximum LVR. If you are unable to rebalance your investment portfolio within 24 hours, ANZ Margin Lending may sell part or all of your portfolio to cover the margin call, and you will not be able to determine which part of your ANZ OneAnswer Investment Portfolio is sold.

Reducing the risk of a margin call

There are several things you can do to reduce the chance of a margin call:

- › **invest in good quality** shares and managed funds. This can reduce the risk of margin calls or substantial capital losses. A professional adviser can guide you on selecting investments to suit your needs
- › **take a long term approach** and expect dips and troughs in the market. If you have invested in good quality shares and managed funds, your investments should retain their value in the long term
- › **'average in' to the market** by gradually increasing your investments over a 1 to 2 year period. This will reduce the chance of buying right at the peak of the market
- › **diversify your investments** across a broad range of shares or managed funds so that if one of your securities performs poorly, it has a limited impact on your overall portfolio
- › **borrow less than your total Security Value.** Simply because you can borrow up to 75% of your portfolio does not mean you should actually borrow the maximum amount. Keeping your gearing ratio below the maximum can be a sensible strategy because it gives you an additional cushion to reduce the chance of a margin call. This will put you in a better position to withstand significant falls in the value of your portfolio
- › **re-invest** your dividends and fund distributions or offset them against your loan balance. Over time, this can help reduce your gearing level
- › monitor your loan closely by:
 - reviewing your monthly statements
 - registering for ANZ My Portfolio at www.anz.com/go/myportfolio
 - contacting ANZ Margin Lending Client Services on 1800 639 330, weekdays between 8.00am and 6.00pm (AEST).

Your ANZ Financial Planner can provide further information about how to reduce the risk of a margin call.

Withdrawing money

Withdrawal requests need to be authorised by ANZ Margin Lending. Withdrawal requests can be faxed to ANZ Margin Lending on 1800 186 286.

ANZ Margin Lending Terms and Conditions

Your ANZ Financial Planner is required to provide you with a copy of the ANZ Margin Lending Terms and Conditions. It is important that you have read and understood these prior to taking out a margin loan with ANZ Margin Lending.

Financial planner commission

ANZ Margin Lending may pay your ANZ Financial Planner an initial and/or an ongoing commission for providing advice in relation to this margin lending facility. Financial planner commissions are not charged directly to your ANZ OneAnswer Investment Portfolio account.

Further information

For further information on ANZ Margin Lending, including fees and charges, visit www.anz.com or please call ANZ Margin Lending Client Services on 1800 639 330, weekdays between 8.00am and 6.00pm (AEST).

How do I receive my distribution payments?

You may choose to have your distributions from each investment fund either:

- › reinvested by converting them into more units in that investment fund, thereby growing your capital
- › paid as income into your nominated Australian financial institution account.

If you choose to have your distributions reinvested, units are purchased in the relevant investment fund on the first day of the new distribution period. These units are issued based on the terms of the current PDS.

When you select your investments on the Application Form, please select your choice of 'Reinvest' or 'Account' in the 'Distribution payment method' column.

You can change this selection at any time by completing a Change of Details Form, available by calling Customer Services.

Distributions are normally paid within 30 days of the end of each distribution period, although a greater period is allowed under the constitution of each investment fund. Investment funds in ANZ OneAnswer Investment Portfolio pay distributions at different times (monthly, quarterly, half yearly or yearly). The distribution frequencies for each investment fund can be found in Part Two of the PDS.

If you have chosen to receive distributions as cash to be paid into your financial institution account and our deposit is rejected (e.g. because your account has been closed), we will try to contact you to obtain new financial institution account details. If we cannot obtain new details, we will either:

- › reinvest your distribution in the relevant investment fund if you have not withdrawn all your money from the fund
- › send you a cheque for your distribution.

If the distribution cheque we send you is returned unclaimed and after making reasonable enquiries we cannot obtain a new address for you, we will reinvest your distribution in the relevant investment fund if you have not withdrawn all your money from that fund. Otherwise, we will treat your distribution as unclaimed money.

Distributions will also be reinvested if we have received notice of the death of an investor and the units have not been transferred to an executor or beneficiary.

We may continue to reinvest any subsequent distributions until you notify us otherwise or in the case of a deceased investor, until the units are transmitted.

How do I manage my ANZ OneAnswer Investment Portfolio?

How do I make an additional investment?

The minimum additional investment is \$1,000 (\$100 per investment fund).

Additional investments will attract the same entry fees as your previous investment unless we receive a valid instruction from your ANZ Financial Planner to apply an alternative Entry Fee.

Where you do not nominate an investment fund(s), additional investments will be allocated to investment funds according to your most recent instruction, or your auto-rebalance profile where you have selected this facility. Please contact Customer Services if you wish to vary your nomination.

Please ensure you have read the current PDS before making an additional investment as units are issued based on the terms of the current PDS.

Make an additional investment by:

- › BPAY® or through your internet banking service using direct credit (EFT)
- › a one-off direct debit – please complete an Additional Investment Form
- › cheque – please complete an Additional Investment Form and make the cheque payable to ING Funds Management Limited
- › completing an Additional Investment Form and depositing money at any ANZ branch.

You can obtain an Additional Investment Form by contacting Customer Services or your ANZ Financial Planner.

If you wish to make additional investments using BPAY® or EFT, you will need to quote reference and account numbers specific to your investment. These details will be provided to you with the confirmation of investment we will send you after your initial investment.

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Terms and conditions – additional investments

- › Units applied for will be issued on the terms of the current PDS and the investment fund's constitution.
- › Your current investment portfolio details will be used to establish your investment in a new investment fund, unless we receive a request in writing to vary these details.
- › Any action taken or request given to us cannot normally be varied or countermanded.
- › If we comply with a transaction request made, or claimed to be made, in accordance with these terms and conditions, this will satisfy all our obligations. No claim can be made against us, even if the request was made without your knowledge and authority.
- › We reserve the right to cancel or vary these arrangements at any time without notice.

How do I switch investment funds?

ANZ OneAnswer Investment Portfolio allows you to switch all or part of your investment between any of the investment funds offered in the PDS. The minimum switch per investment fund is \$250.

Switching is a withdrawal from one fund and a new investment into another. Therefore you may 'realise' a capital gain or loss.

Each step of the transaction is completed using the standard withdrawal and application procedures, which means that there may be a delay between the date the withdrawal is processed and when units in the new investment fund are issued.

It is important to note that any units purchased as a result of a switch are issued on the terms of the current PDS and the investment fund's constitution. Please ensure you have read the current PDS before requesting a switch.

You can request a switch between investment funds:

- › online through Investor Access
- › by completing a Switch Request Form.

Terms and conditions – switches

- › Units purchased as a result of a switch are issued on the terms of the current PDS and the investment fund's constitution.
- › Your current investment portfolio details will be used to establish your investment in a new investment fund, unless we receive a request in writing to vary these details.
- › Any action taken or request given to us cannot normally be varied or countermanded.
- › If we comply with a transaction request made, or claimed to be made, in accordance with these terms and conditions, this will satisfy all our obligations. No claim can be made against us, even if the request was made without your knowledge and authority.
- › We reserve the right to cancel or vary these arrangements at any time without notice.

How do I withdraw money from my investment?

You can withdraw all or part of your investment at any time, subject to minimum balance requirements. The minimum withdrawal amount is \$1,000.

The amount you withdraw can be deposited into your Australian nominated financial institution account or paid to you by cheque.

Prior to withdrawing from your investment, please speak to your ANZ Financial Planner about any applicable exit fees or tax implications.

You can request a withdrawal by calling Customer Services or completing a Withdrawal Form.

Terms and conditions – withdrawing money

- › Payments will not be made to third party financial institutions accounts. Any Withdrawal Fees that apply will be deducted before the payment is made to you.
- › Withdrawal requests are usually paid within seven working days, although the constitution allows for a longer period of time. Please note, there may also be a delay in payment of withdrawal proceeds after 30 June, whilst year-end distributions are being finalised.
- › We can also redeem some or all of your units in an investment fund at any time. However, we will only do this in exceptional circumstances.
- › Instead of paying cash we may choose to transfer assets of an investment fund to you when you make a withdrawal from the fund. In these circumstances, stamp duty may be payable by the transferee.
- › In the unlikely event that an investment fund ceases to be ‘liquid’ (when assets cannot be sold at market value within a set period), different withdrawal procedures, as specified in the Corporations Act, will apply.
- › If the balance in an investment fund falls below \$250 we may, after giving you 30 days notice, redeem your units in that investment fund and return your money. We may vary the minimum balance of an investment fund.
- › If we comply with a transaction request made, or claimed to be made, in accordance with these terms and conditions, this will satisfy all our obligations. No claim can be made against us, even if the request was made without your knowledge and authority.
- › Withdrawal requests on the death of an investor will be paid once all necessary information is provided. For information on our requirements, please contact your ANZ Financial Planner or Customer Services on 13 38 63.
- › We may suspend withdrawal of units in circumstances outlined in the constitution of the relevant investment fund for the specified period of time. These circumstances include where:
 - (a) it would be impractical for us to calculate the net asset value due to, for example, closure of or trading restriction on stock or securities exchanges or an emergency state of affairs
 - (b) it is permitted under the law
 - (c) we reasonably consider that it is in the interests of unitholders.

The specified period of time ranges from up to 30 days to a period which is considered necessary.

During a suspension, transactions that would have been processed on the day that prices were suspended will be allocated the next available unit price after the end of the suspension period.

Terms and conditions – phone withdrawals

- › You must quote your investor number and comply with any other security measures we may introduce from time to time.
- › For security purposes, phone withdrawals will only be paid to a previously nominated financial institution account or by cheque made payable to you and sent to the address recorded on our registry system. Any changes to your financial institution account details must be advised in writing.
- › To enable us to enhance our service standards and verify your instructions, phone conversations may be monitored or recorded without your knowledge.
- › Any action taken or request given to us cannot normally be varied or countermanded.
- › You agree to release and indemnify us against any claims, demands, costs, losses or liabilities arising out of us doing, or not doing, anything in reliance upon an instruction given to us by phone.
- › We reserve the right to cancel or vary these arrangements at any time without notice.

How do I access my account and transact online?

Through the ANZ website you can use Investor Access – a simple and secure online service that gives you access to a range of information and services relating to your investment.

Using Investor Access you can:

- › view your account balance
- › look up current unit prices, performance and asset allocations
- › view your most recent statement
- › view your transaction history
- › view snapshots of your account
- › submit a request to switch between investment funds
- › monitor the progress of your transactions
- › update your personal details.

Visit the ANZ website at www.anz.com, click on **Investments & Advice**, select **Investor Access** and click on **Register**. Complete the online registration form and click on **Submit**. You will need your investor number to register for this service.

If you would like further information, please contact Customer Services weekdays between 8.00am and 8.00pm (Sydney time).

Any forms you require to manage your ANZ OneAnswer Investment Portfolio are available from your ANZ Financial Planner or by contacting Customer Services.

What else do I need to know?

Tax information

The following information is a brief explanation of some of the taxation issues for individual Australian resident investors based on current tax legislation. We recommend that you seek tax advice specific to your circumstances.

The investment funds do not pay tax because their net income (including net capital gains) is distributed to investors annually.

Your entitlement to the net income (including net capital gains) of each investment fund will be distributed to you at least annually.

Your distributions may include components such as Australian income, foreign income, tax-free amounts, tax-deferred amounts and net capital gains, each of which has different tax implications for you.

You will be assessed on your distribution in the year of income in which you were presently entitled to it. This means that even if you receive your June 2008 distribution in July 2008, you will still have to include this distribution in your 2007–2008 tax return. You are required to pay tax on your distribution, even if you reinvest it.

The components of your distribution will be indicated on your end of year Consolidated Tax Statement.

Australian income

Depending on the investment fund, your distribution may include franked and unfranked dividends, interest, rental income and other profits of a revenue nature earned in Australia.

There may be franking credits attached to your distributions, and these franking credits may be used to reduce your tax liability. However, if you sell your units within 45 days of receiving a distribution, you may lose the benefit of the franking credits due to the operation of the 45-Day Holding Period Rule.

If your franking credits exceed your tax liability, you may be entitled to a refund of the excess franking credits.

Foreign income

Depending on the investment fund, your distribution may include income from investments held outside Australia. Australian residents are generally subject to tax in Australia on all foreign income.

Where tax has been paid in a foreign country on foreign income, a foreign tax credit will arise and will be attached to the foreign income distributed to you. You may use this foreign tax credit to reduce the Australian tax payable on your foreign income.

The Foreign Investment Fund (FIF) rules tax unrealised gains arising from certain foreign investments. We do not expect the investment funds to be subject to these rules.

Tax-free and tax-deferred amounts

Depending on the investment fund, your distribution may include tax-free and tax-deferred amounts. These amounts are not included in your assessable income. These amounts may affect your taxable capital gain or loss when you sell your units.

Capital gains tax (CGT)

Capital gains tax is payable on the growth in the value of assets when they are sold (realised). Due to legislation changes over the years, capital gains and capital losses can be calculated in a number of different ways.

It may be possible that some trusts will hold their assets on revenue account rather than capital account. Gains on revenue assets are not eligible for the CGT discount and will be distributed as ordinary income.

The tax treatment of capital gains and capital losses is outlined in your end of year Consolidated Tax Statement. Capital gains are realised at two levels:

Fund level

If an investment fund was to purchase assets, such as shares, at a particular price and then sell the same parcel of shares at a later date for a higher price, the investment fund will realise a capital gain. The net capital gains realised by an investment fund will be distributed to investors. If the investment fund holds the assets for 12 months or more before the disposal, the capital gain may be subject to a discount of 50%.

Individual level

If you withdraw units, switch or transfer any part of your investment, participate in a regular withdrawal facility or authorise the payment of an Adviser Service Fee it is treated as a disposal of units for tax purposes. Any gain or loss arising from the disposal will be disclosed in your end of year Consolidated Tax Statement. If you held the units for 12 months or more before the disposal, you may be entitled to a 50% discount if you are an individual investor.

It may be possible that some trusts will hold their assets on revenue account rather than capital account. Gains on revenue assets are not eligible for the CGT discount and will be distributed as ordinary income.

Goods and Services Tax (GST)

The investment funds are input taxed for GST purposes. This means GST is not payable on your investment in the investment funds. However, the funds may be required to pay GST on fees and other expenses.

In some cases the investment funds will be able to claim a reduced input tax credit of 75% of the GST paid on certain fees and expenses. This means that the effective cost of the GST to

the investment funds is reduced by the amount of the reduced input tax credit received.

Social security

Investments in the investment funds may affect your current or future social security entitlements. We recommend you seek professional advice.

Tax file number (TFN) or Australian Business Number (ABN)

If you have an ABN and are making this investment in the course of a business or enterprise carried out by you, you may wish to quote the ABN of that enterprise (rather than your TFN). Providing your TFN or ABN is not compulsory. However, if you do not supply your TFN or ABN and you do not have a TFN exemption, we are obliged to withhold tax from your distributions at the highest marginal tax rate plus Medicare levy.

By quoting your TFN or ABN, you authorise us to apply it to all of your investments in the investment funds.

Tax file number, Australian Business Number or exemption

If you are eligible to claim an exemption you must specify the exemption being claimed on the Application Form, for example:

Type 1: age, disability support or service pension

Type 2: wife, widow and special needs pensions, carer and parenting (singles) payments, or rehabilitation allowance

Type 3: company which is not required to lodge a tax return or non-resident investor.

Taxation of non-resident investors

Non-residents are generally liable to pay Australian tax on income which is sourced in Australia and certain capital gains. Non-residents are only liable to pay Australian capital gains tax where the asset involved falls within the definition of 'taxable Australian real property' (TARP).

When you receive a distribution

We are required by Australian tax law to withhold tax from some components of your distribution. The rate of tax that we are required to withhold will depend upon the type of income and/or capital gain that is being distributed and which country you reside in.

When you sell your units

If you own less than 10% of the units in an investment fund and make a capital gain or loss on the redemption of units in that investment fund, you are not liable to pay Australian income tax, and we do not withhold tax from your redemption.

If you own more than 10% of the units in an investment fund and make a capital gain or loss on the sale of these units, a liability to

Australian tax will only arise if 90% or more of the underlying assets of the investment fund represent TARP.

At the end of the financial year, we will advise you if you have owned more than 10% of the units in an investment fund. We will also advise you of the nature of the underlying assets.

Privacy

In order to undertake the management and administration of our products and services, it may be necessary for us to disclose your personal information to certain third parties. Unless you consent to such disclosure we will not be able to process your application or provide you with ING products or services. The parties to whom we may routinely disclose your personal information include:

- › organisations undertaking compliance reviews of our financial advisers or reviews of the accuracy and completeness of our information
- › organisations maintaining our information technology systems and providing information technology services
- › authorised financial institutions
- › organisations providing mailing services and undertaking the printing of our standard documents and correspondence
- › lenders who provide lending facilities to you for your investment in ANZ OneAnswer Investment Portfolio
- › your ANZ Financial Planner.

We will only disclose your personal information to these organisations to enable them to undertake specified management and administration services.

We will also disclose your personal information in circumstances where we are required by law to do so.

Where you wish to authorise any other parties to act on your behalf, to receive information and/or undertake transactions, please notify us in writing.

We and other ING companies may send you information about financial products and services from time to time. You may elect not to receive such information at any time by contacting Customer Services.

If you have any further questions about privacy, please write to us or contact us at:

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