



Latest update on OnePath Mortgages and Income Plus funds

APRIL 2011

We are pleased to advise that we are introducing a new, easier and more convenient approach to releasing available funds to investors.

Investors will no longer need to complete a withdrawal or switch request. Instead, we will be automatically returning any available liquidity to all investors on a pro rata basis each quarter.

We believe this approach is a more efficient way of releasing liquidity to investors than the previous withdrawal windows.

Please note, any withdrawal or switch requests we have received since the closure of the last window on 19 November 2010 can not be actioned. Please do not make any further requests to switch or withdraw as these can not be processed. If you are in a situation of financial hardship you may be eligible to apply on those grounds. See the resources page on anz.com for more information on hardship relief.

The first payment to be made under this new approach will be in April 2011. We anticipate this will be approximately 5-10% of your account balance in each of the Funds. Thereafter, we expect to make payments on a quarterly basis, after the end of June, September, December and March each year.

ANZ OneAnswer Investment Portfolio and other retail trusts

This will be paid with clients' March period income distribution and therefore will be deposited into bank accounts or paid by cheque if no account details have been provided. Quarterly transaction statements reflecting the payment will be issued in early May.

How does a return of capital work?

A return of capital is not income that would be assessable for tax purposes. A return of capital reduces the cost base of the units. The unit price of the Fund will fall by exactly the value of the capital payment. The number of units you hold in the Fund will not change. For Funds which have a \$1.00 unit price, for example OnePath Mortgage Trust No.2, the unit price will fall below \$1.00 over time as capital is paid out.

An example of a capital payment is outlined below:

- Mr Smith has 20,000 units in OnePath Mortgage Trust No.2 and the unit price is \$1.00. His account balance is \$20,000.
- The Fund returns capital to investors of 8 cents per unit (i.e. \$0.08 per unit).
- Mr Smith is paid \$1,600 ($\$0.08 \times 20,000$).
- The new unit price of the OnePath Mortgage Trust No.2 is \$0.92.
- After the capital payment, Mr Smith still has 20,000 units however the value of his units has reduced by the amount of the capital return. Therefore his account balance is \$18,400 ($20,000 \times \0.92).

Over time, the unit price will fall. It is important to note that this is in line with capital returned and does not reflect the performance of the underlying assets.

How will the return of capital affect future income payments?

The performance return from the Funds, in percentage terms, will not be affected by the return of capital. However the value of your investment will reduce over time (in dollar terms) as capital is returned to you. Therefore, the dollar value of future income distributions will reduce accordingly. It is important to note that other factors can influence income distributions as well as the value of your capital holding.

The above is true to a lesser extent for the OnePath Income Plus fund which invests in Australian shares and property as well as mortgages and therefore has the potential for capital growth from those investments.

Below is an example of how a return of capital will impact on income distributions for a \$1.00 priced fund:

- Mr Smith (as described above) is invested in the OnePath Mortgage Trust No.2 which has a \$1.00 unit price. The Fund has been paying distributions of approximately 3.30% p.a.
- Mr Smith has 20,000 units and therefore has been receiving approximately \$55 per month (3.30% x \$20,000 divided by 12).
- After a return of capital of 8 cents per unit Mr Smith has \$18,400.
- Mr Smith can expect to receive approximately \$50.60 each month after the first return of capital (3.30% x \$18,400 divided by 12), assuming the underlying investments continue to provide the same level of income.

Mr Smith will need to speak to his adviser about investing his capital elsewhere to ensure his total income needs continue to be met.

Can you invest the capital proceeds into another investment fund?

Yes, there are a range of investment funds offered through ANZ OneAnswer Investment Portfolio which offer regular income and/or capital growth. We suggest you speak to your financial adviser about an appropriate investment. Should you wish to invest in another fund within ANZ OneAnswer Investment Portfolio, you will need to read the current Product Disclosure Statement (PDS) prior to making any investment decision. The PDS is available at www.anz.com > Investments & advice > Products & services > ANZ OneAnswer Investment Portfolio and click on brochures.

Personal Super and Pension products

Personal Super and Pension payments will be processed as a switch into the ANZ Flexible Term Deposit Plus fund*.

Clients are free to switch the proceeds to an alternative fund(s) of their choice or withdraw (subject to preservation rules and exit fees if you are within an exit fee period). There are no entry fees or transaction costs applicable to ANZ Flexible Term Deposit Plus.

You will be mailed a switch confirmation once the payment has been made. Going forward, you are able to view each quarterly payment online by logging in to ANZ Investor Access at anz.com.

* For clients invested in ANZ OneAnswer Term Allocated Pension and other super products where ANZ Flexible Term Deposit Plus is not available, payments will be processed as a switch into ING Cash.

Personal Super and Pension: options for receiving payments

Personal Super and Pension members have three options for receiving quarterly returns of capital for OnePath Mortgages and Income Plus funds:



1. Complete the Return of capital standing instruction form

ANZ OneAnswer Personal Super and Pension members can complete the Return of capital standing instruction form by calling us or asking their financial adviser. The form allows members to nominate **one fund for 100%** of their payment to be switched into **going forward**. Future payments will then be **switched directly** from OnePath Mortgages and Income Plus funds into this nominated fund. Members are able to change their standing instructions at any time.

2. Complete the standard Switch Request Form – after the payment has been processed

Members can complete the standard Switch Request Form to switch out of ANZ Flexible Term Deposit Plus or ING Cash. This should be submitted after the capital payment has been processed into ANZ FTD Plus or ING Cash. With this option members can choose to switch their payment into multiple investment funds. The Switch Request Form is available by calling us or asking your financial adviser. Please note this is **not a standing instruction** and members will need to complete a Switch Request Form for each quarterly payment.

3. Take no action

Members can take no action and we will switch their payments from OnePath Mortgages and Income Plus funds into ANZ Flexible Term Deposit Plus fund or ING Cash as applicable.

Please speak to your financial adviser for further information. Alternatively you can call Customer Services on 13 38 63, weekdays between 8.30am and 6.30pm (Sydney time).

Personal Super and Pension: Withdrawing your suspended fund proceeds

If you are eligible to withdraw from your superannuation or pension account[†] then you may submit a Withdrawal Form to withdraw the quarterly payment amount from ANZ FTD Plus or ING Cash. This should not be submitted until after the payment has been processed from your suspended fund into ANZ FTD Plus or ING Cash.

[†] Withdrawals subject to meeting a cashing event. Fees and tax may apply, for more information speak to your financial adviser

This information is current as at April 2011 but may be subject to change. Before making a decision based on this information, a potential investor should consider its appropriateness having regard to their objectives, financial situation and needs. ANZ OneAnswer Personal Super, ANZ OneAnswer Pension, ANZ OneAnswer Personal Super //Select and ANZ OneAnswer Pension //Select are issued by ING Custodians Pty Limited ABN 12 008 508 496 AFSL 238346 RSE L0000673. ANZ OneAnswer Investment Portfolio and ANZ OneAnswer Investment Portfolio //Select are issued by ING Funds Management Limited ABN 21 003 002 800 AFSL 238342. Before acquiring the product, or deciding whether to continue to hold the product, investors should consider the relevant Product Disclosure Statement (PDS) which is available at www.anz.com or by calling Customer Services on 13 38 63.