



# Investment Savings Bond

Incorporated Material

15 November 2010

## How do I read this Incorporated Material?

This Incorporated Material provides further information and/or specific terms and conditions referred to in the Investment Savings Bond Product Disclosure Statement (PDS) dated 15 November 2010.

You should read 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 OnePath website, at [onepath.com.au](http://onepath.com.au) > Investment > Investment Savings Bond > Forms & brochures and may be obtained on request free of charge by contacting Customer Services on 133 665.

## Entity details in this Incorporated Material

Name of legal entity	Registered numbers	Abbreviated terms used throughout this Incorporated Material
OnePath Life Limited	ABN 33 009 657 176, AFSL 238341	OnePath Life, us, we, our, issuer
Australia and New Zealand Banking Group Limited	ABN 11 005 357 522, AFSL 234527	ANZ

## Important information

OnePath Life is the issuer of the Investment Savings Bond and this Incorporated Material and the PDS and invites you to invest in this product.

The issuer is a wholly owned subsidiary of ANZ. ANZ is an authorised deposit taking institution (Bank) under the *Banking Act 1959* (Cth). Although the issuer of this product is owned by ANZ, it is not a Bank. Except as described in the PDS, an investment in the Investment Savings Bond is not a deposit or liability of ANZ or its related group companies and none of them stands behind or guarantees the issuer or the capital or performance of the Investment Savings Bond. Your investment is subject to investment risk, including possible repayment delays and loss of income and principal invested.

OnePath Life is responsible for the content of this PDS and the Incorporated Material. ING Investment Management Limited (INGIM) ABN 23 003 731 959 has provided its consent to be named but has not made any statement in the PDS and the Incorporated Material. INGIM has not withdrawn its consent at the time of preparation of the PDS.

This Incorporated Material contains general information only and does not take into account your personal circumstances or your financial needs and objectives. This Incorporated Material, in conjunction with the PDS, explains the main features of the Investment Savings Bond and should not be used as a substitute for financial advice. You should read the PDS and this Incorporated Material carefully to assess whether the information is appropriate in respect of your objectives, financial situation and needs, and speak to a licensed financial adviser before deciding to invest in the Investment Savings Bond.

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# How to read an investment profile

Information about each investment fund is detailed in an investment profile. The information below is a guide to understanding the information in each profile.

## Investment objective

The investment objective identifies what return the manager of the investment fund aims to achieve for investors. This is often stated in relation to a relevant index (see below for description).

## Index

An index is a sample of stocks or securities selected to represent a particular financial market. For example, an index that can represent returns for the Australian sharemarket is the S&P/ASX 300 Accumulation Index.

The performance of an index can be used as an indicator for the performance of the relevant market. An index return is calculated using the weighted average returns of the stocks that are included in the representative sample.

## Investment strategy

The investment strategy describes how the manager of the investment fund aims to achieve its objective.

An investment strategy usually involves a description of the relevant asset classes and an outline of the investment process, or combination of processes that the manager will use to manage the investment fund.

## Minimum time horizon

As a guide only, each investment fund has a suggested minimum time horizon. This is the minimum period of time you should consider holding your investment in a particular fund. Holding an investment for the suggested time does not guarantee a positive return, but it may make it more likely.

However, if after the suggested minimum time horizon investment markets are performing poorly, the investment may need to be held for a longer period to avoid a negative return.

## Commencement date

This is the date that the investment fund commenced within the Investment Savings Bond.

## Asset allocation

The asset allocation displays the type of assets (and proportions) the investment fund invests in.

The **benchmark** is the neutral allocation for each asset class.

The **range** indicates the anticipated minimum and maximum allowable allocations for each asset class. The manager may vary the fund's asset allocation within the intended ranges in order to position the investment fund to benefit from prevailing market conditions. Under certain circumstances, the asset allocation for a particular asset class may move outside its range.

In some cases, an investment fund may have either a benchmark or a range, or neither.

Asset allocation benchmarks and ranges may be altered without prior notice to you when the change does not alter the risk profile of the fund.

# Who are the investment managers?

The Investment Savings Bond provides access to eight OptiMix investment funds and eleven funds where INGIM is the investment manager of the underlying funds.



## OptiMix

OptiMix is OnePath's specialist Manage the Managers (MTM) research and investment solution. The OptiMix investment process is based on the principle that broad diversification of investments can actively reduce fluctuations and provide consistent and competitive returns over time. In order to achieve this consistency in returns, OptiMix funds are diversified across a range of specialist investment managers – all within a single investment.

OnePath has appointed INGIM's specialist MTM investment team to manage the OptiMix process and funds.

## The OptiMix advantage

### Proven expertise

The OptiMix research and investment solution has been in existence for over 15 years. The strength of the process is reflected by the OptiMix investment team which consists of highly qualified and experienced investment professionals who are well regarded in the industry.

### Consistent yet competitive returns

Investment managers have different styles of managing investments. The reality is that relying on one particular style or process can be risky as markets can frequently change in response to economic and political events. The OptiMix solution aims to deliver consistent yet competitive returns by combining managers with different investment approaches across a range of asset classes.

### Peace of mind

With OptiMix you can be assured that your investments are being managed by a team of experienced investment professionals purely focused on ensuring your investment portfolio is positioned for strong, consistent, long-term investment returns.

### Diversify your funds

Diversification is a key feature of the OptiMix MTM process. It means that as an investor, to reduce risk and protect your portfolio against market volatility, you don't put all your 'eggs into one basket' but spread your money across different investment managers and asset classes to provide more consistent returns.

The OptiMix investment team rigorously monitors economic conditions, financial markets and investment managers to ensure the portfolios are sufficiently robust to withstand market fluctuations.

## Access the world's leading specialist investment managers

To produce superior investment outcomes, the OptiMix investment team chooses managers who are not only highly talented but have a proven track record in managing investment portfolios. Some of the managers are not normally available to retail investors, which means by choosing OptiMix you can gain access to some of the most talented and successful investment managers the global funds management industry has to offer.

## Choice of investment funds

As investors have different investment objectives, risk preferences and time frames, OptiMix provides a comprehensive range of investment funds. Your financial adviser will be able to assist you by assessing your individual needs and financial risk profile.

## How the OptiMix investment process works

**The OptiMix MTM research and investment solution is active at every stage of the investment process.**



### Specialist investment manager selection

The OptiMix investment team selects a range of investment managers who have expertise in a particular asset class. Each manager must have a distinct investment style, a proven investment process and a strong track record of performance.

### Economic analysis and tactical asset allocation

The OptiMix investment team looks at factors around the world such as economic growth, inflation and government policies – and assesses how these impact the performance of each asset class. The investment team then adjusts the funds to gain a greater exposure to the asset classes expected to perform well at that particular time in the market cycle.

### Manager allocation within asset classes

The OptiMix investment team blend complementary investment manager styles and adjust the portfolio in favour of the managers expected to perform well during a particular market cycle.

### Regular independent review

The OptiMix investment committee regularly reviews the OptiMix MTM process and the performance of the specialist investment managers.

### Performance measurement

Once selected, managers are closely monitored and evaluated on their ongoing performance. The OptiMix investment team looks at qualitative factors such as the way investment managers construct their portfolios and their investment methods, as well as quantitative measures such as the returns of each manager, compared with pre-set benchmarks and their competitors.

### Specialist investment managers

Global shares	Global emerging markets	Global smaller companies	Australian shares	Global property securities	Australian property securities	Cash
Global fixed interest	Global inflation linked fixed interest bonds	Australian fixed interest	Australian inflation linked fixed interest bonds	Alternative Growth	Alternative Defensive	

\* Currency manager.

The specialist investment managers are current as at the time of the preparation of this Incorporated Material. The investment managers are regularly reviewed and may be removed at any time and the investment objectives and strategies may be changed without prior notification to you. As a result, the investment managers within may vary throughout the life of this Incorporated Material.



## INVESTMENT MANAGEMENT

### ING Investment Management Limited

ING Investment Management Limited (INGIM) manages all ING investment funds, excluding OnePath Protected Growth Fund No. 2 which is managed by OnePath.

INGIM is part of the specialist investment network of ING Group. Worldwide, INGIM employs more than 3,500 staff in 33 countries across three broad geographic regions: Europe, the Americas and Asia Pacific. Its global assets under management total more than A\$500 billion as at 30 June 2010.

In Australia, INGIM is one of the largest investment managers, with in excess of A\$30 billion of assets under management as at 30 June 2010.

Combining rigorous research and integrated risk management, INGIM has a team of over 850 investment professionals worldwide who are experts in constructing and delivering progressive and tailored investment solutions across all major asset classes on a truly global scale.

#### INGIM's investment approach

INGIM's investment philosophy maintains that markets have inefficiencies and active portfolio management should generate superior long-term investment returns. INGIM aims to deliver consistently attractive returns for investors over the long term at acceptable levels of risk.

INGIM believes that investment markets are ultimately driven by trends in the economic cycle, and a particular asset class tends to perform differently to other asset classes at any given point in the cycle.

INGIM's active portfolio management aims to take advantage of asset class trends, adding value and managing risk.

ING multi-sector and international share funds have exposure to foreign currency. Foreign currency is actively managed with a view to increasing the return available in Australian dollars for the benefit of the total portfolio. Active currency investing means buying undervalued currencies and selling overvalued currencies.

#### Australian shares

INGIM's Australian shares investment process is designed to deliver consistently above-benchmark returns over the medium to long term, while controlling risk. INGIM seeks to identify stocks that are likely to deliver above average earnings growth in the foreseeable future and are also attractively priced relative to the market. INGIM's team of highly experienced analysts undertakes comprehensive ongoing research to assess the earnings prospects and relative valuations of the stocks in its investment universe.

INGIM's analysts assess each company's competitive position and the relative attractiveness of the industry in which it operates. Quantitative and qualitative assessments for each company are combined in an overall company score, which is a primary input into INGIM's portfolio construction process. Other inputs to this process include stock liquidity constraints, constraints on the size of individual stock positions, and market sentiment and corporate/market activity considerations.

#### International shares

INGIM's stock selection processes for international shares are designed to deliver consistently above-benchmark returns over the medium to long term. The focus is on identifying companies with good medium-term earnings growth prospects whose shares are attractively priced relative to the market. The process is driven by in depth analysis and research, utilising INGIM's network of global resources.

In the management of international share strategies INGIM has the benefit of using the expertise of country, regional and sector teams spread across 33 countries around the world.

Regional asset allocation is supported by INGIM's strategy experts including those from the US and Europe.

INGIM's international share portfolios are all managed against an unhedged benchmark. Foreign currency is actively managed where INGIM believes that this will be beneficial to the portfolio's investment performance.

### Property securities

INGIM's property securities investment universe includes listed property trusts and listed property-related securities. Property-related securities include companies where the majority of earnings are sourced from property or property-related activities, including the ownership, development or management of property assets.

INGIM's experienced Property Securities team uses its investment process to select property trusts that offer attractive yields and distribution growth. Property-related securities are selected based on the analysis and recommendations provided by INGIM's Australian Shares team.

When selecting individual property securities, INGIM also assesses the experience of management, quality and diversity of the property portfolio, stability of rental income, level of distribution yield, potential for distribution growth, level of borrowing, interest rate risk and liquidity considerations.

### Global property securities

A multi-step portfolio construction process is employed combining top-down portfolio design and bottom-up security analysis. These steps include top-down country/regional allocation, top-down property sector allocation and bottom-up security selection.

Regional and property type allocations are determined following a systematic evaluation of public and private real estate market trends, conditions and research by team members based in local markets throughout the world. A proprietary valuation process is used in the selection of individual securities that identifies investments with superior current income and growth potential relative to their peers.

### Fixed interest and cash

INGIM aims to add value to its fixed interest and cash portfolios by weighting the portfolio in favour of those sectors that offer the highest potential return for the associated risk, and taking advantage of pricing opportunities that occur at various stages of the economic cycle.

INGIM maintains that the best way to deliver consistently strong returns from a fixed interest portfolio is through a combination of active interest rate management and a well-diversified blend of government and non-government investments.

While traditional fixed interest portfolios have tended to focus exclusively on domestic securities, the newer form diversified fixed interest strategies have also incorporated a range of international fixed interest and higher-yielding opportunities.

The active interest rate component of INGIM's portfolios is managed in accordance with its investment process, which combines the analysis of economic fundamentals, market psychology and market valuations.

Within the non-government sector of the market, INGIM uses its investment process to select individual securities. Essentially, analysis focuses on calculating an appropriate price for each security relative to the associated credit risk, with the aim of ensuring that the reward offered by borrowers to lenders is sufficient to compensate them for the associated risk. Security and issuer analysis is undertaken by INGIM's dedicated credit analysts.

Foreign currency exposures within the international fixed interest component of ING's multi-sector funds are normally hedged into Australian dollars.

# What investment funds are offered?

The Investment Savings Bond provides a broad selection of investment funds to choose from.

## In constructing your portfolio you can choose from the following types of funds:

**Multi manager funds** – also known as Manage the Managers or MTM, these combine a number of professionally selected investment managers in one investment fund, providing a convenient way to diversify across investment managers. OnePath Life uses the OptiMix research and investment solution to construct the OptiMix funds. More information about how the OptiMix research and investment solution works can be found on page 3 of this Incorporated Material. The Investment Savings Bond offers a range of OptiMix funds across most risk profiles and investment timeframes.

**ING managed funds** – invest in a diversified portfolio of assets managed by INGIM. These funds can invest in just one asset class (single sector) or a range of asset classes (multi sector). The Investment Savings Bond offers a range of ING managed funds across all risk profiles.

**Multi sector funds** – also known as diversified funds, these funds invest in more than one sector or asset class. The Investment Savings Bond offers a range of diversified funds across most risk profiles.

**Single sector funds** – invest predominantly in just one sector or asset class. The Investment Savings Bond offers a range of single sector funds across most asset classes.

For more information on the investment profiles, refer to page 2 of this Incorporated Material.

## Tailor your portfolio to suit your investment needs by choosing from the following options:

Multi sector	Single sector
<b>OptiMix MTM funds</b>	
OptiMix Moderate	OptiMix Australian Shares
OptiMix Balanced	OptiMix Geared Australian Shares
OptiMix Growth	OptiMix Global Emerging Markets Shares
OptiMix Property Securities	OptiMix Global Shares
<b>ING funds</b>	
ING Diversified Fixed Interest	ING Money Market
ING Capital Stable	ING Australian Shares
ING Balanced	ING Sustainable Investments – Australian Shares
ING Managed Growth	ING International Shares
ING Tax Effective Income	ING Emerging Companies
<b>OnePath Funds</b>	
OnePath Protected Growth Fund No. 2	

# Profile 1 – Defensive

## ING Money Market

**Investment objective**  
 The fund aims to outperform the UBS Bank Bill Index over rolling twelve month periods on an after transaction costs but before investment management fees and taxes basis.  
 A guarantee applies to the fund. For more information please see page 17 of the PDS.

**Investment strategy**  
 The fund invests predominantly in a diversified portfolio of short-term defensive assets. The fund is actively managed in accordance with INGIM's cash and fixed interest investment process.

**Commencement date**  
 April 1998

**Minimum time horizon**  
 1 year

**Asset allocation**

Asset class	Benchmark (%)	Range (%)
Cash and fixed interest	100	n/a

## ING Diversified Fixed Interest

**Investment objective**  
 The fund aims to provide income and achieve returns (before fees, charges and taxes) that exceed the UBS Composite Bond Index (0 + Yr), over periods of three years or more.

**Investment strategy**  
 The fund invests predominantly in a diversified mix of Australian and international defensive assets. The fund is actively managed in accordance with INGIM's investment process.

**Minimum time horizon**  
 3 years

**Commencement date**  
 September 2005

**Asset allocation**

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	45	0–90
International fixed interest	45	0–90
Australian and international high yield debt	10	0–20

# Profile 2 – Conservative

## ING Capital Stable

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 2.5% p.a., over periods of three years or more.

A guarantee applies to this fund. For more information please see page 17 of the PDS.

### Investment strategy

The fund invests in a diversified mix of Australian and international assets with a strong bias towards defensive assets. The fund is actively managed in accordance with INGIM's investment process.

### Minimum time horizon

3 years

### Commencement date

Entry Fee option – April 1998

Nil Entry Fee option – June 1989

### Asset allocation

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	1.5	0–5
Global property securities	1	0–5
Australian shares	15	10–20
International shares	2.5	0–5
Alternative assets (defensive)	0	0–5

The maximum asset allocation to growth assets is 20%.

\* No minimum/maximum asset allocation range exists for Enhanced cash. Therefore the benchmark asset allocation of 15% will be a fixed amount.

# Profile 3 – Moderate

## ING Balanced

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4.5% p.a., over periods of four years or more.

### Investment strategy

The fund invests in a diversified mix of Australian and international assets spread across growth and defensive assets. The fund is actively managed in accordance with INGIM's investment process.

### Minimum time horizon

4 years

### Commencement date

January 1995

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	10	0–30
Diversified fixed interest	20	5–35
International fixed interest	10	0–20
Property securities	3	0–10
Global property securities	2	0–10
Australian shares*	33	20–50
International shares	20	5–35
Alternative assets (growth)	2	0–5
Alternative assets (defensive)	0	0–10

The maximum asset allocation to growth assets is 75%.

\* A portion of the assets in this asset class may be invested in a long/short strategy.

## OnePath Protected Growth Fund No. 2

### Investment objective

The fund aims to provide investors with exposure to growth assets via a portfolio that is managed with the objectives of providing long term capital growth and to limit losses in falling markets.

### Investment strategy

The fund invests in the wholesale INGIM HarVest Fund Series II (IHFII)\* which invests in an actively managed mix of growth and defensive assets. The IHFII dynamically manages its exposure to the growth asset (Wholesale Managed Growth Fund) and the defensive asset (cash) to protect capital.

The protection† is determined by the 'Protected Price' of the IHFII. This is calculated such that the unit price will not fall below 85% of the highest ever redemption unit price of the IHFII, adjusted for distributions.

ING Bank N.V. is the provider of the protection.

### Minimum time horizon

4 years

### Commencement date

March 2009

### Asset allocation

The fund varies the allocation between growth and defensive assets in order to limit the losses in falling markets to no more than 15%.

The fund achieves its growth asset exposure via the ING Wholesale Managed Growth Trust and defensive asset exposure via a cash bank account provided by ING Bank N.V.

Underlying fund: INGIM HarVest Fund Series II (IHFII)

\* OnePath Protected Growth Fund No. 2 invests 100% into the IHFII. IHFII provides OnePath Protected Growth Fund No. 2 with its investment objective, strategy, capital protection and asset allocation.

† The fund's capital protection is calculated gross of fees and taxes (where applicable). The adjustment for these fees and taxes will reduce the unit price received by investors if the capital protection mechanism is activated. Refer to page 20 of this book for additional information regarding OnePath Protected Growth Fund No. 2

## OptiMix Moderate

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4.5% p.a., over periods of four years or more.

### Investment strategy

The fund invests in a diversified portfolio of Australian and international assets through a mix of managers, with a balance of growth and defensive assets. The fund is actively managed in accordance with the OptiMix Manage the Managers investment process.

### Minimum time horizon

4 years

### Commencement date

September 2005

### Asset allocation\*

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	25	15–42
Australian inflation linked bonds	3	2–8
International inflation linked bonds	3	0–5
International fixed interest	15	8–22
Australian property securities	5	0–12
International property securities	0	0–12
Australian shares	23	16–28
International shares	13	10–22
Global small companies shares	3	0–5
Global emerging markets shares	3	0–5
Alternative assets (growth)	3	0–5
Alternative assets (defensive)	4	0–8

Underlying fund: OptiMix Wholesale Moderate

\* The maximum combined exposure to Australian and international property securities is 12%.

# Profile 4 – Growth

## ING Managed Growth

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5.0% p.a., over periods of five years or more.

### Investment strategy

The fund invests in a diversified mix of Australian and international assets with a strategic bias towards growth assets. The fund is actively managed in accordance with INGIM's investment process.

### Minimum time horizon

5 years

### Commencement date

April 1988

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	3	0–30
Diversified fixed interest	15	0–30
International fixed interest	10	0–20
Property securities	6	2–18
Global property securities	4	0–10
Australian shares*	35	20–50
International shares	25	10–40
Alternative assets (growth)	2	0–5
Alternative assets (defensive)	0	0–10

The maximum asset allocation to growth assets is 90%.

\* A portion of the assets in this asset class may be invested in a long/short strategy.

## ING Tax Effective Income

### Investment objective

The fund aims to provide income and achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5.0% p.a., over periods of five years or more.

### Investment strategy

The fund invests in a diversified mix of Australian assets with a bias towards income producing growth assets. The fund is actively managed in accordance with INGIM's investment process.

### Minimum time horizon

5 years

### Commencement date

September 2005

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–25
Australian fixed interest	30	0–40
Property securities	30	20–40
Australian shares	40	30–50

## OptiMix Balanced

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5.0% p.a., over periods of five years or more.

### Investment strategy

The fund invests in a diversified portfolio of Australian and international assets through a mix of managers, with a bias towards growth assets. The fund is actively managed in accordance with the OptiMix Manage the Managers investment process.

### Minimum time horizon

5 years

### Commencement date

September 2005

### Asset allocation\*

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	13	9–30
Australian inflation linked bonds	0	0–9
International inflation linked bonds	5	0–9
International fixed interest	9	2–18
Australian property securities	6	0–12
International property securities	0	0–12
Australian shares	33	26–45
International shares	20	13–35
Global small companies shares	2	0–5
Global emerging markets shares	5	0–10
Alternative assets (growth)	4	0–8
Alternative assets (defensive)	3	0–5

Underlying fund: OptiMix Wholesale Balanced

\* The maximum combined exposure to Australian and international property securities is 12%.

## OptiMix Growth

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 5.5% p.a., over periods of five years or more.

### Investment strategy

The fund invests in a diversified portfolio of Australian and international assets through a mix of managers, with a strong bias towards growth assets. The fund is actively managed in accordance with the OptiMix Manage the Managers investment process.

### Minimum time horizon

5 years

### Commencement date

September 2005

### Asset allocation\*

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	6	4–23
Australian inflation linked bonds	0	0–9
International inflation linked bonds	5	0–9
International fixed interest	6	1–14
Australian property securities	6	0–12
International property securities	0	0–12
Australian shares	41	20–50
International shares	22	10–35
Global small companies shares	2	0–5
Global emerging markets shares	6	0–10
Alternative assets (growth)	4	0–10
Alternative assets (defensive)	2	0–7

Underlying fund: OptiMix Wholesale Growth

\* The maximum combined exposure to Australian and international property securities is 12%.

# Profile 5 – High Growth

## ING Australian Shares

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX 300 Accumulation Index over periods of three years or more.

### Investment strategy

The fund invests predominantly in a diversified portfolio of Australian shares selected in accordance with INGIM's Australian shares investment process.

### Minimum time horizon

5 years

### Commencement date

March 1997

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–5
Australian shares	100	95–100

## ING Sustainable Investments – Australian Shares\*

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX 300 Accumulation Index, over periods of three years or more.

### Investment strategy

The fund invests predominantly in a diversified portfolio of sustainable Australian shares, selected in accordance with INGIM's sustainable Australian shares investment process. As a general guideline, screens are applied to each company analysed, covering both negative 'exclusionary' and positive 'best-in-class' criteria.

### Minimum time horizon

5 years

### Commencement date

March 2009

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–5
Australian shares	100	95–100

\* For information about how INGIM manages sustainable investments, see page 17 of the PDS.

## ING Emerging Companies

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX Small Ordinaries Accumulation Index over periods of three years or more.

### Investment strategy

The fund invests predominantly in a diversified portfolio of emerging companies in accordance with INGIM's Australian shares investment process.

### Minimum time horizon

7 years

### Commencement date

March 1997

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–20
Australian shares	100	80–100

## ING International Shares

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the MSCI World Index excluding Australia (unhedged and in AUD with net dividends reinvested), over periods of three years or more.

### Investment strategy

The fund invests predominantly in a diversified portfolio of international shares selected in accordance with INGIM's global share investment process.

### Minimum time horizon

5 years

### Commencement date

March 1997

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–5
International shares	100	95–100

# Profile 5 – High Growth (cont.)

## OptiMix Property Securities

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX 300 Property Trusts Accumulation Index over periods of five years or more.

### Investment strategy

The fund invests predominantly in a diversified portfolio of Australian property securities through a mix of managers. The fund is actively managed in accordance with the OptiMix Manage the Managers investment process.

### Minimum time horizon

5 years

### Commencement date

September 2005

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
Property securities	100	90–100

Underlying fund: OptiMix Property Securities

## OptiMix Australian Shares

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX 300 Accumulation Index, over periods of five years or more.

### Investment strategy

The fund invests predominantly in a diversified portfolio of Australian shares through a mix of managers. The fund is actively managed in accordance with the OptiMix Manage the Managers investment process.

### Minimum time horizon

5 years

### Commencement date

September 2005

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
Australian shares	100	90–100

Underlying fund: OptiMix Wholesale Australian Shares

### OptiMix Geared Australian Shares

#### Investment objective

The fund aims to achieve magnified returns (before fees, charges and taxes) that exceed the S&P/ASX 300 Accumulation Index, over periods of five years or more.

#### Investment strategy

The fund invests predominantly in a diversified portfolio of Australian shares through a mix of managers via the underlying OptiMix Wholesale Geared Australian Share Trust.

#### Minimum time horizon

5 years

#### Commencement date

March 2009

#### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
Australian	100	90–100

Underlying fund: OptiMix Wholesale Geared Australian Shares

Gearing magnifies both gains and losses and investors may experience increased volatility in the value of their investment. Refer to page 19 of this book for additional information regarding OptiMix Geared Australian Shares.

### OptiMix Global Emerging Markets Shares

#### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the MSCI Emerging Markets (Free) Index (\$A unhedged), over periods of five years or more.

#### Investment strategy

The fund invests predominantly in a diversified portfolio of shares in global emerging markets through a mix of managers. The fund is actively managed in accordance with the OptiMix Manage the Managers process.

#### Minimum time horizon

7 years

#### Commencement date

March 2009

#### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–20
Global emerging markets shares	100	80–100

Underlying fund: OptiMix Wholesale Global Emerging Markets Shares

# Profile 5 – High Growth (cont.)

## OptiMix Global Shares

### Investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the MSCI World Index excluding Australia (A\$ unhedged) over periods of five years or more.

### Investment strategy

The fund invests predominantly in a diversified portfolio of international shares through a mix of managers. The fund is actively managed in accordance with the OptiMix Manage the Managers investment process.

### Minimum time horizon

5 years

### Commencement date

September 2005

### Asset allocation

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
International shares	100	90–100

Underlying fund: OptiMix Wholesale Global Shares

# Other investment information

## Adding and closing investment funds

Where we add or close investment funds within the Investment Savings Bond we will notify new and existing investors as soon as practicable, or as required by law, via the OnePath website [onepath.com.au](http://onepath.com.au) and the annual Investor Update.

## OptiMix Geared Australian Shares

OptiMix Geared Australian Shares invests primarily in Australian shares and gears to magnify returns.

### What is gearing?

Gearing is the process of borrowing money to purchase more assets. As a result, gearing magnifies returns or losses and increases the volatility and risk from investments relative to the returns of a comparable non-g geared investment. In other words, the fund has the potential for larger variations in returns as a result of its borrowings.

### Underlying investment

The fund invests into OptiMix Wholesale Geared Australian Share Trust (Wholesale Trust). The Wholesale Trust borrows and in turn invests into the OptiMix Wholesale Australian Share Trust.

### Benefits

Benefits of geared investing through the fund include:

- magnified returns
- access to the OptiMix Wholesale Australian Share Trust, which provides diversification across a range of specialist investment managers
- borrowing at favourable institutional interest rates compared to interest rates available to individuals
- potential for increased franking credits as a result of higher investment in Australian shares
- professionals managing the gearing level for you.

### Managing the gearing level of the Wholesale Trust

The Wholesale Trust aims to magnify returns through gearing. We have appointed INGIM to manage and monitor the gearing levels of the Wholesale Trust. An important objective of INGIM is to limit gearing to the level supported by expected dividends and borrowing costs. That is, INGIM aims to set the gearing ratio from time to time so that income earned from the Wholesale Trust covers interest payments. As a result, the gearing ratio is impacted by the relationship between dividend yields and average borrowing rates. For example, when interest rates are high relative to dividend yields, the gearing ratio may be relatively low, and vice-versa.

The Wholesale Trust has a targeted gearing ratio of 50%. This means that for every \$1 invested, the Wholesale Trust borrows another \$1 to increase the investment to \$2.

The level of gearing will automatically move with market movements and daily revaluation of the underlying investments. Sudden falls in underlying market values will automatically increase the gearing level. Gearing levels will be monitored on a daily basis. However, movements in gearing levels will not necessarily result in re-balancing to the gearing target. Important considerations in determining gearing levels will include the dividends and borrowing costs of the Wholesale Trust and gearing ranges.

The gearing of the Wholesale Trust will be implemented through leading funding providers (lenders) and will be based on commercial terms. Members of the ING Group will be considered as possible lenders. The lenders will receive interest payments and other fees appropriate for providing such facilities and these amounts will be paid by the Wholesale Trust.

Lenders have priority over investors for interest and principal repayments, in line with the loan facilities. To minimise the risk to investors, lenders do not have additional recourse to investors if the fund or the Wholesale Trust is unable to meet its obligations under the loan facilities.

### Risks

Gearing incurs additional investment risks, as it magnifies returns or losses and as a result increases the volatility of returns and reduces the security of capital invested.

Geared investments may significantly underperform equivalent non-g geared investments when the underlying assets experience negative returns or 'bear' markets. In extreme market declines, all capital invested could be lost.

### Tax implications of gearing

It is possible that deductible interest and other expenses may exceed income (including capital gains), resulting in a taxable loss. If this arises, the Wholesale Trust is not able to distribute to investors. The losses are retained within the Wholesale Trust to offset against future income. This risk is reduced by the regular monitoring and management of the gearing levels. The Responsible Entity also has the ability to further reduce this risk by waiving some or all of its fees and issuing units in lieu.

### Fees

Instead of receiving a cash fee, the Responsible Entity of the Wholesale Trust can receive units in the fund as consideration for managing the fund. This assists with the objective of maintaining positive net income for the fund each year after payment of interest and other expenses. Costs of borrowing are offset against income and are therefore not included in the management fee.

Gearing significantly increases the risk of investing. We strongly recommend that you consult your financial adviser before deciding to use this investment strategy.

## OnePath Protected Growth Fund No. 2

OnePath Protected Growth Fund No. 2 invests 100% in an underlying wholesale fund, the INGIM HarVest Fund Series II (IHFII). The IHFII dynamically manages its asset allocation between growth and defensive assets to maximise returns, whilst also allocating to protect the value of the fund from losses of greater than 15%.

The fund's capital protection is determined by the 'Protected Price' of the IHFII. This is calculated at 85% of the highest ever redemption unit price of the IHFII, adjusted for distributions. Please note that the fund's capital protection is calculated gross of fees and taxes (where applicable). The adjustment for these fees and taxes will reduce the unit price received by investors if the capital protection mechanism is activated.

The capital protection is provided by a bank guarantee issued by ING Bank N.V. on the 'Protected Price' of the IHFII. ING Bank N.V. is part of the ING Group, one of the world's largest financial institutions. Should the assets of the IHFII fall excessively the protection provider will add assets to the IHFII to restore the unit price to its 'Protected Price'. Protection does not apply directly to your investment.

## Counterparty risk

The IHFII is exposed to counterparty risk. ING Bank N.V. could fail to honour its commitments. If this happens, ING Bank N.V. may not be able to satisfy its contractual obligations to the IHFII in respect of the capital protection mechanism applying to the IHFII. If this occurs you could lose some or all of your investment.

## Exposure to growth assets

The IHFII invests in growth and defensive assets. The IHFII intends to achieve its growth asset exposure via the ING Wholesale Managed Growth fund, which currently has a benchmark exposure to growth assets of 72%. The expected average exposure to this trust over the long term is around 75% of the IHFII, but this can vary substantially over time and will fall as low as 0% if the unit price of IHFII falls to its 'Protected Price'.

# How do I invest and maintain my investment?

Additional information about investing and maintaining your investment

## Making an initial contribution

The Investment Savings Bond does not have a default investment fund. If we receive an initial application that does not include your nomination of investment fund(s), we will be unable to process your application or issue units. However, we will contact you or your financial adviser for instructions on which investment fund(s) to invest your money in.

The commencement date of your investment will be the day the correctly completed Application Form, the initial contribution and any other requirements are received at OnePath Life Limited, 347 Kent Street, Sydney NSW 2000.

We will retain any interest payable by our bank on this account to meet, among other things, bank fees and other bank administrative costs we incur in opening the account.

## Making an additional contribution

Additional contributions will attract the same fees as your previous contribution unless we receive a valid instruction to apply alternative fees.

The effective date of your additional contribution will be the date that the correctly completed documentation and the application monies (where applicable) are received at OnePath Life Limited, 347 Kent St, Sydney NSW 2000.

If you make an investment by BPAY, the effective date will be the date we receive confirmation that the money has been received by us.

Where you do not nominate an investment fund(s), additional contributions will be allocated to investment funds according to your most recent instruction. Please contact Customer Services on 133 665 if you wish to vary your nomination.

## Switching

Switching investment funds is achieved by cancelling or issuing units, as applicable, at the unit price that we have struck on the day your correctly completed switch request is processed (subject to any guarantee offered as described on page 17 of the PDS). Switches are subject to the limits and processing times set out in the table on page 22 of the PDS.

Switching between investment funds can be done by notifying us in writing at:

**OnePath Life Limited**  
GPO Box 5306  
Sydney NSW 2001

Alternatively, you can switch between investment funds online at [onepath.com.au](http://onepath.com.au) or you can complete the Investment Savings Bond – Switch Request Form that can be accessed and printed from the website. The form should be sent to OnePath Life Limited at the address listed on this page.

You must give us one month's notice if you wish to switch between investment funds, except in the case of switching into and out of the ING Money Market fund, where we will need five working days' notice.

Please note that transaction cost factors, an Entry Fee or commencement of an Exit Fee period may apply when switching. Please refer to page 12 of the PDS for more information.

We do not currently charge a Switching Fee.

## Establishing a Regular Investment Plan

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

Proceeds will automatically be transferred from your nominated bank, credit union or building society account to the nominated investment fund(s) on the first day of each month if you are making monthly contributions, or the first day of every third month if you are making quarterly contributions. The effective date of your regular investment will be the date that your proceeds are received into our bank account.

You can increase the amount you invest via the Regular Investment Plan at any time. However, to take advantage of the 10-year rule the total amount invested each year must not exceed 125% of the total contributions made the previous policy year. Contributing even a small amount on a regular basis may greatly improve the long-term performance of your investment.

You are free to start, stop, or alter the Regular Investment Plan at any time.

## Withdrawing

You can withdraw all or part of your investment at any time, subject to the requirements noted below. You are under no obligation to withdraw your investment after 10 years; however, a withdrawal made before the end of the 10-year period will result in tax implications. Please refer to page 19 of the PDS for further information.

You must give us the following notice of your desire to withdraw or switch:

- into and out of all investment funds except the ING Money Market fund – one month
- into and out of the ING Money Market fund – five working days.

Subject to the restrictions set out in the table below, we endeavour to process withdrawals within 48 hours of receipt of your request for investments in the ING Money Market fund and within seven days for all other investment funds.

<b>Withdrawals</b>	
Minimum withdrawal	\$1,000 (does not apply to the ING Money Market fund)
Minimum total balance after withdrawal	\$2,500
Minimum balance required per investment fund	Nil or at least \$250

#### **Processing periods**

To allow for an orderly adjustment of an investment fund's assets, where a withdrawal of up to \$250,000 is received in any 12 month period, your withdrawal request may be processed at least one month after your request is received (excluding withdrawals from the ING Money Market fund).

For withdrawals over \$250,000 we may defer processing your withdrawal application for up to three months (excluding withdrawals from the ING Money Market fund).

Withdrawals from the ING Money Market fund may be processed at least five working days after your withdrawal request is received.

#### **Tax information on withdrawal**

If you withdraw part or all of your investment, you will receive confirmation of your withdrawal as well as the relevant information you may need to complete your tax return.

# What else do I need to know?

## Privacy

In this section 'we', 'us' and 'our' refers to OnePath Life Limited and other members of the ANZ Group. We are committed to ensuring the confidentiality, security and privacy of your personal information.

We collect your personal information to provide you with the products and services you request. In order to manage and administer our products and services, we may need to disclose it to certain third parties. Without your personal information, we may not be able to process your application or provide you with the products or services you require.

We may routinely disclose your information to:

- other members within the ANZ Group, to the extent necessary to service our relationship with you and carry on business as a group
- organisations performing compliance functions for our business
- organisations maintaining our information technology systems
- authorised financial institutions
- organisations providing services such as mailing, printing or data verification
- a person who acts on your behalf (such as your financial adviser or your agent)
- our solicitors, valuers and insurers
- lenders who provide lending facilities to you.

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

The *Family Law Act 1975* (Cth) enables certain persons to request information about your interest in a superannuation fund.

There are disclosure obligations to third parties for client identification purposes under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

We may send you information about our financial products and services from time to time. You may elect not to receive such information at any time by contacting Customer Services on 133 665.

You may access the personal information OnePath hold about you, subject to permitted exceptions and subject to OnePath still holding that information, by contacting OnePath at:

### Privacy Officer – OnePath

GPO Box 75  
Sydney NSW 2001  
Phone 02 9234 8111  
Fax 02 9234 8095  
Email [privacy@onepath.com.au](mailto:privacy@onepath.com.au)

If any of your personal information is incorrect or has changed, please let OnePath know by contacting Customer Services.

More information can be found in OnePath's Privacy Policy which can be obtained from its website at [onepath.com.au](http://onepath.com.au)

## Simple and convenient online services

Through the OnePath website you can access My OnePath, a simple and secure online service for customers. It provides a range of investment information, updates and education, and allows you to manage your OnePath portfolio online through account access.

### Using My OnePath you can:

- read market commentaries and investor updates
- access online calculators and 'L-earn', OnePath's interactive financial education tutorial
- view fund summaries, performance history, asset allocations and unit prices
- download publications and forms.

### Using account access you can:

- view your account balance
- view your most recent statements
- 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.

## What you need to do

If you have provided your email address on your application form, a My OnePath User ID and temporary password will be emailed to you. Alternatively, these details will be mailed to the postal address provided on your application form.

To login to My OnePath visit the OnePath website at [onepath.com.au](http://onepath.com.au) click on Login from the 'Customer login' box on the right hand side of the page. If you do not have a customer login click on Register. For security reasons, you will be asked to change your password the first time you login.

If you would like further information, please contact Customer Services on 133 665, weekdays between 8.30am and 6.30pm (Sydney time).

## Financial Services Guide

A Financial Services Guide (FSG) is an important document that outlines the type of products and services that we are authorised to provide under our Australian Financial Services licence. Please refer to the OnePath website at [onepath.com.au](http://onepath.com.au) for a copy of the current FSG.

## Family Law Act provisions

The following information relates to the Family Law Act and its relevance to the Investment Savings Bond.

Part VIIIAB and Part VIIIAB of the *Family Law Act 1975* (Cth) allows the Court, in relation to the property of a party to a marriage or de facto relationship, to make an order or grant an injunction that will be binding on third parties.

The Court's power to make orders altering property interests is intended to cover a range of possible interests that a party to a marriage or de facto relationship may have, including ownership of life insurance products.

An order or injunction can be binding on a third party institution such as OnePath Life, against an interest held on a life insurance product such as the Investment Savings Bond. Therefore, OnePath Life will need to comply with a court order or injunction made under Part VIIIAB or Part VIIIAB of the Family Law Act in relation to your investment.

## Identification requirements upon withdrawal

The *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) requires us to identify you and verify your identity before we can provide you with certain prescribed services. We may also verify the identity of any subsequent owner of the policy in the event of a change of ownership (e.g. Child Advancement Policy).

Generally, your financial adviser will undertake these steps but to enable them to do so you will need to provide certain documents (such as your passport or current driver's licence) for sighting and verification. If you are undertaking these transactions without an adviser, you will need to include certified copies of these documents with your transaction request.

Please see the Application Booklet for a full list of the types of documents that will satisfy these requirements and special requirements concerning certification of identity documents. For non-individuals (e.g. company, trust, partnership, association), you/your adviser must complete the relevant customer identification document available at [onepath.com.au](http://onepath.com.au)

If you do not provide identifying documents we will not be able to process your transaction.

We may also request further information from you. You must provide all information to us, which we reasonably require in order to manage our money-laundering, terrorism-financing or economic and trade sanctions risk or to comply with any laws or regulations in Australia or any other country.

We may disclose any information to any law enforcement, regulatory agency or court as required by applicable laws and regulations.

We may delay, block or refuse to process any transaction without incurring any liability if we suspect that:

- (a) the transaction may breach any laws or regulations in Australia or any other country;
- (b) the transaction involves any person (natural, corporate or governmental) that is itself sanctioned or is connected, directly or indirectly, to any person that is sanctioned under economic and trade sanctions imposed by the United States, the European Union or any country; or
- (c) the transaction may directly or indirectly involve the proceeds of, or be applied for the purposes of, conduct which is unlawful in Australia or any other country.



**Customer Services**

Phone 133 665 weekdays between 8:30am and 6:30pm (Sydney time)

Email [customer@onepath.com.au](mailto:customer@onepath.com.au)

Fax 02 9234 6668

**Adviser Services** (For use by financial advisers only)

Phone 1800 804 768

Email [adviser@onepath.com.au](mailto:adviser@onepath.com.au)

Fax 02 9234 6668

Address

OnePath Life Limited

GPO Box 5306

Sydney NSW 2001

347 Kent Street

Sydney NSW 2000

OnePath Life Limited

ABN 33 009 657 176 AFSL 238341

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