

Living Super Annual Report 2016-17



¹ SuperRatings does not issue, sell, guarantee or underwrite this product. Go to superratings.com.au for details of its rating criteria.

² Canstar Superannuation rating awarded in September 2016. ³ Canstar Pension rating awarded in April 2017.

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For the curious: Diversa Trustees Limited ABN 49 006 421 638, AFSL 235153, RSE L0000635 is the Trustee of the ING Superannuation Fund ABN 13 355 603 448 (Fund) and the issuer of interests in the Fund. ING Living Super is a product issued out of the Fund. The insurance cover offered by the Fund is provided by MetLife Insurance Limited ABN 75 004 274 882 AFSL 238096. ING, a business name of ING Bank (Australia) Limited ABN 24 000 893 292, AFSL 229823, is the Promoter of the Fund. Other products are issued by ING. The Trustee is required to provide you with information that reasonably allows you to understand your benefit entitlements. This Annual Report to members 2016-2017, which provides general information about the performance, management and financial condition of the Fund, should be read in conjunction with your Annual Statement as at 30 June 2017. The information in this Annual Report is of a general nature only and doesn't consider your particular investment objectives, circumstances, financial situation or needs and you should consider whether it is appropriate for you. You should consider the Product Disclosure Statement and Financial Services Guide available at ing.com.au in deciding whether to acquire, or to continue to hold, the product.

CEO report

CEO summary – Living Super

Living Super continues to help Australians take more control of their investments and future, bringing a more customer-focused experience to superannuation. I am happy to share that over 58,000 Australians now entrust their retirement savings to Living Super, and our funds under management has grown to \$2.5 billion – up from \$2.0 billion in June 2016. While we continue to see strong growth in our direct investor clients, advised clients now account for \$400 million, or 16 per cent of our funds under management. This is twice as much as the same time last year.

We continue to receive industry accolades that reaffirm the flexibility and value of our superannuation product. In 2017 Living Super was awarded the 'Gold' rating from independent group SuperRatings, indicating good value for Living Super's superannuation and pension products. Living Super also maintained its 'five star' rating for Outstanding Value for Superannuation & Pension with research group Canstar.

Evolution

While Living Super has achieved much over the past five years, we are committed to offering an industry-leading retirement solution and must continually respond to the evolving needs of our customers and to the economic environment in which we operate.

In light of the growing appetite for direct share trading within the super environment, ING, with the Trustee of Living Super, made changes to provide customers with greater flexibility around the amounts they can invest in Shares and Exchange Traded Products. The investment strategies and objectives of the Balanced, Growth and High Growth options were also reviewed and their asset allocations aligned with the aim of providing our customers with improved performance over the long term.

On 1 June this year, a new fee structure was introduced in response to the investment option enhancements, and to ensure a sustainable superannuation solution for our customers.

Looking to the future

In just five years, Living Super has set new benchmarks for positive change across the industry. We put customers firmly in the driving seat with 24/7 digital access to monitor their super, more choice and control on when and in what they invest. We want our customers to live their best lives, now and in retirement. With Living Super we aim not only to provide strong financial performance, but also to instill confidence in our customers to remain in control of their future.

This report provides an overview of Living Super, its financial performance and how it has evolved over the past year to meet our customers' needs around increased choice and flexibility.



Kind regards,

A handwritten signature in black ink that reads "Uday Sareen". The signature is written in a cursive, flowing style.

Uday Sareen
CEO ING

Legislative changes

Contributions Caps for 2017/18

- The general concessional contribution cap is \$25,000
- The non-concessional contribution cap has been lowered to \$100,000 p.a. for individuals under the age of 75.

If you are under the age of 65 you may be eligible for to 'bring forward' up to 3 years of non-concessional contributions. However, this will be limited to:

- 2 years of non-concessional contributions if your total super balance is \$1.4 to less than \$1.5 million.
- 1 year of non-concessional contributions if your total super balance is between \$1.5 to less than \$1.6 million
- No non-concessional contributions if your super balance is \$1.6 million or more.

If your account balance is greater than \$1.5 million you will not be eligible for the 'bring forward' rule.

Transfer Balance Cap

The Transfer Balance Cap measure is a limit imposed on the total amount that a member can transfer into a tax-free pension phase account from 1 July 2017.

The general transfer balance cap is \$1.6 million for the 2017/18 financial year and will be indexed in line with CPI, rounded down to the nearest \$100,000.

All ING Living Super customers who held a pension account on 1 July 2017 will have a personal balance cap of \$1.6 million established at that time. Members who open an account on or after 1 July 2017 will have the balance cap imposed at the time the account is opened.

Individuals who exceed their personal transfer balance cap will be required to have their superannuation income streams commuted (in full or part) back into accumulation phase or withdraw the excess amount. Notional earnings on the excess amounts will be subject to an excess transfer balance tax.

Changes to the Low Income Super contribution

From 1 July 2017, the Low Income Super Contribution (LISC) will be renamed to the Low Income Superannuation Tax Offset (LISTO). It will continue into the 2017/18 financial year.

If you earn less than \$37,000 a year (conditions apply), and your employer makes concessional (before-tax) superannuation contributions on your behalf, then you may be eligible for a refund of the contributions tax deducted from your superannuation account, paid directly to your superannuation account by the Government.

Increase to income threshold for tax offset for super contributions on behalf of your spouse

If you earn less than \$40,000 per year (previously \$13,800 per year) your spouse may be eligible for a tax offset of up to \$540 if your spouse makes an after-tax contribution to your account.

Removal of concessional tax treatment on income earned on Transition to Retirement accounts

Effective 1 July 2017, the earnings on a Transition to Retirement account will no longer be tax exempt.

Government's temporary budget repair levy

A number of taxes which are linked to the highest marginal rate were increased effective from 1 July 2014 to 30 June 2017 from 47% to 49% (this includes the 2% Medicare levy). This includes the excess non-concessional contribution tax, excess untaxed rollover amount and no TFN tax.

Dashboards

The requirement to display dashboards for each investment option for choice products has been further delayed until 1 July 2018. Choice products are superannuation products or investment options that you need to choose, they are not MySuper products that your employer may have chosen for you.

Tax deduction for personal superannuation contributions

From 1 July 2017, all individuals up to the age of 75 will be able to claim a tax deduction for personal superannuation contributions. The requirement that you derive less than 10% of your income from employment sources has been abolished and regardless of your employment arrangement you may be able to claim a tax deduction subject to meeting the conditions and submitting a notice of intent. Those aged between 65 to 74 will still need to meet a work test in order to be eligible to make a contribution and claim a deduction.

Abolishment of anti-detriment payments

A superannuation fund will not be able to pay a refund of a member's lifetime superannuation contributions tax payments into a deceased estate, and likewise the super fund will not be able to claim a tax deduction from this payment for deaths arising on or after 1 July 2017 or payments from 1 July 2019 for death arising prior to 1 July 2019.

Removal of election to treat income stream payments as lump sums

From 1 July 2017, individuals will not be able to treat certain superannuation income stream payments as lump sums for tax purposes (which are currently tax free up to the low rate cap of \$195,000).

Carry forward of unused concessional contributions

From 1 July 2018, you may be able to carry forward unused concessional contributions cap on a rolling basis for 5 years (conditions apply). Amounts carried forward that have not been used after 5 years will expire.

Legislative changes

(Continued)

On 9 May 2017, the Government announced the 2017 Federal Budget. The following proposals were announced but have not yet been legislated so the details may change.

First Home Super Savers Scheme

From 1 July 2017, individuals will be able to make voluntary contributions of up to \$15,000 per annum and \$30,000 in total to their superannuation account to purchase a first home. These contributions, along with deemed earnings, can be withdrawn for a home deposit from 1 July 2018.

Pre-tax contributions will be taxed at 15% and withdrawals taxed at marginal rates less a 30 per cent offset.

Reducing barriers to downsizing

From 1 July 2018, individuals aged 65 or over will be able to make a non-concessional contribution to super of up to \$300,000 from the proceeds of selling their home.

The contributions will not count towards the non-concessional contribution cap and existing contributions caps and restrictions will not apply to the downsizer contribution at the time, but the \$1.6 million transfer balance cap and Age Pension means test will continue to apply.

Market update



The material in the Market update section is provided by the Fund's Asset Consultant : Atchison Consultants.

The past **Financial Year 2016-17** (FY17) has proved to be a solid one for investment markets around the world supported by continued monetary stimulus. In addition, markets were supported by a waning in key geopolitical concerns. At the start of the financial year, Australia held a Federal election (in early July) with the Coalition party narrowly returning to power. This was closely followed by markets, in general, stabilising after deliberating over the shock June 2016 result of Britain's rejection of the European Union. Then markets reacted positively to US and French presidential elections and more recently the UK general election. Global shares posted 14.7% (unhedged) for FY17, whilst Emerging Markets shares returned 20.1% (unhedged) for the year, compared to the previous year FY16 return of -9.2%.

While shares did well, the so-called safe-haven 'defensive' assets were either flat or marginally positive. Australian and global bond markets dipped as bond yields rose (after the Brexit vote in June) from July to the end of 2016, spurred by early signs of economic recovery and inflation in Europe and Japan, and by the Trump victory in the US. Australian bonds managed to claw their way back up to finish 0.2% for FY17 when yields fell back again as the premature confidence waned. Whilst the major global bond index returned 0.5% for the FY17.

Listed property markets in Australia were also dragged down by the rises in bond yields in late 2016. Australian listed property returned -6.3% for the FY17. In contrast, unlisted property generated steady returns as rents and capital values continue to remain relatively strong, especially across the Sydney and Melbourne markets.

In general terms, the major economic indicators continue to signal a robust and improving level of confidence and global economic activity. Global shares are posting close to a record high as strong company earnings growth supports optimism in the global economy. However, a threat to continued stability and growth emanates from the US, and President Trump's ability to implement spending on infrastructure, tax-cut plans and de-regulation, all of which are seen as boosting economic growth and corporate earnings.

Meanwhile, eurozone economic data continues to show signs of improvement. For example, a closely watched business survey showed manufacturing activity in the region is now at its highest level since April 2011. Coupled with recent

positive sentiment following Emmanuel Macron's victory in the French presidential election, investor risk appetite has returned supported by solid corporate earnings results from many European listed companies.

Though a question mark does remain over the UK's government's ability to effectively manage the UK economy post June 2017 election and negotiate a smooth exit from the EEC. However, UK blue chip shares have reached record highs, buoyed by weakening sterling and strengthening commodity prices.

Emerging markets, in particular emerging Asia show a continuation of strong returns. South Korea, led by robust corporate earnings, receding leadership, and political concerns leading to improving investor confidence, and China following the Peoples Bank of China signal to reduce financial risk but maintain liquidity, are examples of countries that out-perform peers.

Against the backdrop of unsettled global politics at the start of the financial year, for Australian superannuation members, FY17 has provided robust returns. It is expected that the median superannuation balanced fund delivered around 6.7% for the year. Share markets again proved how resilient they can be. Investment returns have predominantly been driven by share investments and strong diversification across all asset classes. The better performing superannuation funds for FY17 had higher allocations to international and Australian shares and lower allocations to domestic and global listed property.

Market update

(Continued)

Australian Markets

The Australian stock market delivered once again a positive return for FY17, albeit with some volatility along the way. The S&P/ASX200 Index (including the benefit of dividends) returned 14.1%. There were only two sectors that were a drag on the index, Telecommunications (-21.7%) and Australian Listed Property Trust sector (-6.3%). The Telecommunications sector is going through a structural change as the industry transitions to the National Broadband Network (NBN), resulting in industry consolidation, increased competition and lower prices. Whilst Australian Listed Property Trusts suffered due to numerous factors including; overvaluation, potential interest rate-rise, and lacklustre consumer spending.

Best performing sectors during the year were: Resources (21.6%), Financials ex A-REIT (20.0%) and Utilities (19.6%). Resources stocks benefited from rising commodities prices as well as better than expected cost discipline, allowing them to deleverage their balance sheets and increase dividends. Banks grew revenue and managed their expenses well, credit quality improved and bad and doubtful debt provisions remain at historical lows, resulting in earnings growth. However, with housing affordability and interest rates both at all-time lows, the sector is vulnerable to coming under pressure should interest rates rise or unemployment numbers increase. Some of the stocks that performed strongly over the year were: Qantas (111%), and BlueScope Steel (109%) while specific stocks to avoid included; Ten Network (-82%), Vita Group (-78%), and Reject Shop (-64%).

The outlook for Australian shares in general seems to be encouraging, as evidenced by; the Australian Industry Group's business conditions Purchasing Managers' Index (PMIS) solid in June, retail sales up in April and May, and ANZ job ads survey remaining strong pointing to solid jobs growth.

Global Markets

Global stock markets also had a solid run despite several key geopolitical events including US and French presidential elections, and more recently the UK general election. The major index, MSCI World Index (ex-Australia) on an unhedged basis returned 14.7% for FY17 and 18.9% on a hedged basis.

The Emerging Market index, as measured by the MSCI Emerging Market Index bounced back from posting negative return in FY16 to a resounding 21.8% (hedged) and 20.1% (unhedged) in FY17.

Major US share market indices all rose to record highs as earnings accelerated to the best year-on-year growth in six years. The major US index, MSCI USA, rose 17.3% (hedged) and 13.9% (unhedged) in FY17. Technology stocks were the standout, with the so called "FANG" stocks (Facebook, Amazon, Netflix, Google) delivering share price gains up to 58.6% over the year.

European markets also performed strongly over FY17 as the economic recovery continued. The MSCI Europe index returned 20.2% (hedged) and 17.6% (unhedged). The German DAX was up 27.3%, UK FTSE 100 gained 12.4% and the French CAC 40 rose 20.8%.

Across share markets globally a consistent theme is that valuations continuing to trade above their long-term historical averages but still supported by growth in earnings. Value as an investment style has been underperforming its growth counterpart.

In terms of sectors that may look attractive, Technology and Healthcare remain appealing due to high levels of innovation are sustaining strong earnings growth.

The current bull market has been running since March 2009, second-longest running bull market since the Second World War. Earnings growth is still supporting global equity markets and there are few signs of irrational exuberance. As-long-

as earnings growth keeps pace with valuations and do not become detached, for example during the 2001 dot-com bubble, global equity markets remain attractive. Especially markets that are coming off low economic momentum and valuations such Europe, now that political worries seem to be fading.

Australian and Listed Property

Australian listed property trusts (LPTs) were the worst performing asset class over FY17. The S&P/ASX 200 A-REIT Index returned -6.3% for FY17, of which the dividend income component was around 4.0%. The Australian LPT sector has come under pressure as higher global interest rates take the lustre of their "bond-proxy" appeal. Forecasts point to rising long-term bond yields, which are regarded as having a negative correlation with A-REITs. In addition, A-REITs have been impacted by slowing income growth and higher PEs relative to equities. Worst performing A-REITs in FY17 came from the retail property sector, companies such as Scentre Group (-14%), owner and operator of Westfield stores in Australia and New Zealand, its US and UK stores equivalent, Westfield Corporation (-22%) and Vicinity Centres (-18%). The direct link to an uninterested consumer weighed down by debt and low wage growth had a material impact on the sector.

Global listed property did not perform as badly as Australian LPTs in FY17 however the FTSE EPRA/MARKET Ex Aus TR (unhedged) Index returned -1.5%. Poor returns during the year came from regions that have ultra-easy monetary policy like Japan and the eurozone.

The outlook for domestic LPTs is not as favourable compared to FY16, many trusts are trading at significant premiums to the value of their underlying properties, and properties are valued at record low yields. The sector can be regarded as fully priced, however given the historic low yields from cash and bonds, LPTs can still be regarded as attractive from a yield perspective.

Market update

(Continued)

For global listed property, the outlook is a little less sure than for domestic LPTs due to differences between regions and sectors, for example JLL conclude there is a shortage in office space selectively in the US and Europe, but potentially an oversupply in parts of Asia. Overall, as with LPTs returns, it is expected going forward global listed property will continue to be supported by yield seeking investors.

Cash, Fixed Interest and Corporate Bonds

The Australian economy was patchy through FY17 with the annual rate of growth slowing to just 1.7% by the end of the March 2017 quarter. Despite some strong leading indices, a home construction boom and a rebound in commodity prices, weaker consumer spending emerged as the new threat to the Australian economy.

Lower inflation allowed the Reserve Bank of Australia (RBA) to lower interest rates again in August 2016 to from 1.75% to 1.5%. However, the resultant house price surge and the switch to a new RBA Governor refocused attention on the health of household balance sheets, which are laden with record levels of debt. This problem was accentuated by wage growth falling and underemployment rising to a multi-decade high. New regulatory restrictions on investment loans and out-of-cycle rate hikes by the banks helped cool speculative excess going into 2017. Even though Australia's credit profile has weakened due to its accumulated external debt, Australia maintained its AAA credit rating, of which there are only 12 sovereigns left in the world.

The market determined 90-day bank bill rate has fallen from 1.97% to 1.72% over FY17 with yields on the long bond – 10-year government bonds have held between 1.85% and 2.99%. Long-bonds yields hit record lows on 11 August 2016 and stood at 2.39% at the end of June 2017.

Despite widespread expectations of negative returns, Australian Fixed income posted a small positive gain in FY17,

with a 0.2% return, represented by Bloomberg AusBond Composite Index. Globally, central banks have kept interest rates low and flushed the market with liquidity. Returns from global bonds also managed to provide a positive return for FY17, the major recognised index, the Barclays Global Aggregate Bond Index (hedged) returning 0.5% for the year. As the search for yield strengthened many high yielding stocks' price- to-earnings have been pushed up to a point where they are assumed to pose a higher degree risk than corporate bonds. Hence the reason for investors' appetite for corporate debt (including corporate bonds, loans, and high yield securities) intensified during the year, assisting credit markets to post much stronger returns for FY17 of 3.2% as represented by the Barclays Global Aggregate Credit Index (hedged).

Given that low level of yields and the expectation that they will rise, many fixed income asset classes are unlikely to deliver strong returns therefore, in higher-quality corporate credit, coupled with inflation-linked bonds over government bonds can be viewed as a strategy.

Australian Dollar Exchange Rate

The Australian dollar has risen around 1.5% over FY17 and tracked within a US6.25 cent range against the greenback over the year – the least volatile year in 27 years. The Aussie started the year around US74.50 cents and reached a high of US77.77 in November 2016 finishing the year around US76.00. The low was reached in December 2016 of US71.52.

The two main drivers of the Australian dollar are the terms of trade (i.e. how much we get for our exports versus how much we pay for imports) and yield differentials (i.e. what an investor can get in Australia versus off shore). Both seem to be pointing towards a much lower Australian dollar.

The Australian dollar was also a relatively strong performer against the euro, British pound and Japanese yen over the year.

Outlook

The environment for investors in 2017-18 is expected to remain challenging especially that many “defensive” assets (for example government bonds) offer very low prospective returns, enticing investors to take more risk in-order-to shore-up returns. Meanwhile, valuations across “growth” asset classes (for example shares and property) are above historical averages.

Looking at the year ahead, investors may consider the implication of higher interest rates on their portfolios and what impact that can have on future returns. In recent years, listed property trusts, infrastructure and utilities have been highly sought after for their attractive dividend yields, becoming expensive to own. Should central banks globally begin to raise official interest rates, the valuations on these stocks may start to retract.

The outlook for balanced portfolio returns is expected to be modest when compared to the exuberant returns experienced since the depths of the Global Financial Crisis however there is evidence of growing business and consumer confidence, particularly in Europe, Asia and to some extent the US that should maintain a positive outlook.

The Chinese equity market measured by the Shanghai A shares had a robust period of volatility due to increased regulation and de-regulation. The Chinese real economy continued to slow but the reform agenda continued unabated. The Debt for bond program, reserve requirement ratio cuts, state owned enterprise defaults, Asian Investment Bank, Silk Road infrastructure agreements plus many other plans formed part of a whirlwind of policy changes and events that continued all year. The biggest market event remains the spectacular rise and dramatic fall of the Chinese share market.

Living Super investments⁴



With ING Living Super your personal investment strategy can be as simple or as sophisticated as you like.

Investment strategy

The Trustee has established an investment strategy for Living Super that outlines the specific risk and return objectives of each investment option. This strategy has been formulated with regard to the whole of the circumstances of Living Super including investment risk, diversification, liquidity, the ability of the Trustee to discharge existing and future liabilities, whether reliable valuation information is available, the expected tax consequences and costs. In giving effect to this strategy the Trustee may place limits on particular investment options to ensure that appropriate levels of diversification and liquidity are maintained. The investment menu is designed to offer a range of investment options that are straightforward, cost effective and flexible.

ING Living Super investment menu

With ING Living Super you choose how your money is invested. There is one investment menu, split into four investment categories that you can mix and match. There is also a Cash Hub (transaction account) that allows you to transfer your super between the various investment menu options. The investment menu is designed to offer you a range of investment options that are straightforward, cost effective and provide flexibility throughout your life. The four investment categories are called: **Safe, Smart, Select and Shares.**

Investment categories					Insurance
Cash Hub	Safe Cash & term deposits held by ING	Select A great range of managed investment options	Smart The Balanced option	Shares Trade direct shares and listed securities on the ASX	Automatic cover
					Tailored cover
					Income protection

For the curious: ⁴Buy-sell spreads and other incidental transaction costs apply to all managed investment options, including the Balanced option. Buy-sell spreads and other transaction costs are retained within the managed investment and are not fees paid to ING or the Trustee. The Trustee may replace one or more of the underlying investment managers which may affect the fee structure for the investment options. In addition other factors may arise which may cause the fee structure for Living Super to change. Should this occur the trustee may vary the fees for ING Living Super without your consent by giving at least 30 days' notice where an increase applies. Living Super is not available to U.S. Persons.

Living Super investments

(Continued)

Take greater control of your superannuation

ING Living Super makes it easy to diversify and mix and match investments across any or all of these categories.

Safe

The investment options in the Safe investment category are designed for members who want to minimise risk. You have the choice of a unitised Cash option and a range of fixed rate Term Deposits.⁵

Smart

The Balanced option in the Smart investment category is a pre-mixed investment solution with a strategic allocation of 62% invested in growth assets and 38% invested in defensive assets.

Select

The investment options in the Select investment category enable you to choose from a variety of diversified and single sector managed investments.

Shares

The investment options in the Shares investment category give you the freedom and control to invest in shares included in the S&P/ASX 300 and a range of exchange traded products.

Things you should know

When you are choosing your investment options, you should consider the likely investment return, risk and how long you will be investing your super as well as your particular investment objectives, financial situation and needs.

Investment categories and investment options

Safe	Smart	Select	Shares	Cash Hub (Transaction account)
Cash option	Balanced	Growth	S&P/ASX 300 Shares Exchange Traded Products	The Cash Hub is the transaction account into which all contributions, rollovers and distributions are paid, and out of which all fees, pension payments (if applicable), withdrawals and insurance premiums are paid. All Term Deposits and Shares must be purchased from the Cash Hub and all proceeds from Term Deposits and Shares must be paid into the Cash Hub.
Term Deposits		High Growth		
3 months		Australian Shares		
6 months		International Shares (Hedged)		
1 year		International Shares		
2 years (the 2 year Term Deposit is only available in Super accounts)		Australian Fixed Interest		
		International Fixed Interest (Hedged)		
		Australian Listed Property		

For the curious: ⁵Living Super rates are available at ing.com.au

Living Super investments

(Continued)

Investment menu

The investment objectives, internal benchmarks and underlying investment managers for ING Living Super are as follows:

Category	Investment options	Investment objectives	Benchmark	Investment strategies	Guidelines, strategic asset allocation and ranges	Who is this suitable for?	Risk label	Minimum suggested investment timeframe														
N/A	Cash Hub	Aims to provide security of capital and regular <i>income</i> and achieve a return of the benchmark.	RBA Cash less 0.75% pa before fees and taxes.	The strategy for the <i>Cash Hub</i> is to substantially invest the assets on deposit with ING.	Cash 100%	Your ING Living Super cash transaction account.	Very low risk	Any period														
Safe	Cash option	Aims to provide security of capital and <i>income</i> built into the unit price and achieve a return of the benchmark.	RBA Cash Rate before fees and taxes.	The strategy for the Cash option is to substantially invest the assets on deposit with ING either directly or indirectly (via <i>managed investments</i>).	Cash 100%	Conservative or cautious investors seeking security of capital and positive <i>income</i> returns over time.	Very low risk	Any period														
Safe	Term Deposits	To provide stable returns with low risk of capital loss by investing in Term Deposits. Terms available are: <table border="1" data-bbox="360 997 857 1225"> <thead> <tr> <th>Option</th> <th>No. of days</th> <th>Interest crediting</th> </tr> </thead> <tbody> <tr> <td>3 Months</td> <td>90</td> <td>On maturity</td> </tr> <tr> <td>6 Months</td> <td>180</td> <td>On maturity</td> </tr> <tr> <td>1 Year</td> <td>365</td> <td>On maturity</td> </tr> <tr> <td>2 Year</td> <td>730</td> <td>Accrued annually & paid on maturity</td> </tr> </tbody> </table>	Option	No. of days	Interest crediting	3 Months	90	On maturity	6 Months	180	On maturity	1 Year	365	On maturity	2 Year	730	Accrued annually & paid on maturity	The strategy for this option is to invest in wholesale term deposits issued by ING. Investments will be for the term as selected and will be transferred to the <i>Cash Hub</i> on maturity unless you elect to automatically reinvest in a new Term Deposit option of the same term.	Cash 100%	Conservative or cautious investors seeking security of capital and guaranteed returns for fixed investment periods.	Very low risk	90 days – 2 years depending on the term selected
Option	No. of days	Interest crediting																				
3 Months	90	On maturity																				
6 Months	180	On maturity																				
1 Year	365	On maturity																				
2 Year	730	Accrued annually & paid on maturity																				

Living Super investments

(Continued)

Category	Investment options	Investment objectives	Benchmark	Investment strategies	Guidelines, strategic asset allocation and ranges			Who is this suitable for?	Risk label	Minimum suggested investment timeframe
Smart	Balanced	<p>Aims to provide medium to long term capital growth with <i>income</i> built into the unit price.</p> <p>Aims to achieve a 2.0% average annual return above inflation (CPI) over rolling 6 years after <i>investment fees</i> and taxes.</p>	N/A	<p>The long term asset allocation is 62% <i>growth assets</i> and 38% <i>defensive assets</i>. This option invests in Cash, Australian shares, International shares (Hedged), International Shares, Australian Listed Property and Australian Fixed Interest. The option can invest directly or indirectly (via managed investments). Asset allocation is balanced back to the long term target.</p>	Asset class	Ranges	Target	<p>Investors who are seeking a potentially higher return than that available from Cash, who are prepared to accept a moderate exposure to <i>growth assets</i>.</p>	High risk	At least 6 years
					Australian Shares	18 - 45%	33%			
					International Shares	5 - 25%	12.5%			
					International Shares (Hedged)	5 - 25%	12.5%			
					Australian Listed Property	0 - 10%	4%			
					Australian Fixed Interest	0 - 25%	10%			
					International Fixed Interest (Hedged)	0 - 10%	0%			
					Cash	20 - 40%	28%			
Select	Growth	<p>Aims to provide long term capital growth with <i>income</i> built into the unit price. Aims to achieve a 2.5% average annual return above inflation (CPI) over rolling 8 years after <i>investment fees</i> and taxes.</p>	N/A	<p>The long term asset allocation is 70% <i>growth assets</i> and 30% <i>income assets</i>. This option invests in Cash, Australian Fixed Interest, International Fixed Interest, Australian Shares, International Shares and Australian Listed Property. The option can invest directly or indirectly (via managed investments). Asset allocation is balanced back to the long term target.</p>	Asset class	Ranges	Target	<p>Investors who are seeking a medium to long term investment and moderate - high returns, who accept the possibility of losses in capital.</p>	High risk	At least 8 years
					Australian Shares	25 - 45%	35%			
					International Shares	5 - 25%	15%			
					International Shares (Hedged)	5 - 25%	15%			
					Australian Listed Property	0 - 15%	5%			
					Australian Fixed Interest	0 - 25%	15%			
					International Fixed Interest (Hedged)	0 - 10%	0%			
					Cash	5 - 25%	15%			

Living Super investments

(Continued)

Category	Investment options	Investment objectives	Benchmark	Investment strategies	Guidelines, strategic asset allocation and ranges			Who is this suitable for?	Risk label	Minimum suggested investment timeframe
Select	High Growth	Aims to provide long term capital growth with <i>income</i> built into the unit price. Aims to achieve a 3.5% average annual return above inflation (CPI) over rolling 10 years after <i>investment fees</i> and taxes.	N/A	The option can invest directly or indirectly (via managed investments) in Australian and International shares, along with Australian Listed Property. Asset allocation is balanced back to the long term target.	Asset class	Ranges	Target	Investors who are seeking a long term investment with high returns, who accept the possibility of losses in capital.	High risk	At least 10 years
					Australian Shares	40 - 60%	50%			
					International Shares	10 - 30%	20%			
					International Shares (Hedged)	10 - 30%	20%			
					Australian Listed Property	0 - 20%	10%			
					Cash	0 - 5%	0%			
Select	Australian Shares	Aims to closely match the return of the Australian shares market (<i>income</i> and capital growth) before fees, as measured by the S&P/ASX 200 Accumulation Index before fees and taxes.	S&P/ASX 200 Accumulation Index	The option can invest directly or indirectly (via managed investments) in shares and securities listed or to be listed on ASX.	Asset Class	Ranges	Target	Investors who are seeking a long term investment in a <i>diversified portfolio</i> of Australian shares who accept the possibility of losses in capital.	High risk	At least 7 years
					Australian Shares	95 - 100%	100%			
					Cash	0 - 5%	0%			
Select	International Shares (Hedged)	Aims to closely match the return of the international share market as measured by the MSCI World ex Australia Index (net <i>Dividends reinvested</i>), hedged in Australian Dollars before fees and taxes.	MSCI World ex-Australia Index (net <i>Dividends reinvested</i>), 100% hedged in \$A.	The option can invest directly or indirectly (via managed investments) in shares and securities listed or to be listed on exchanges outside Australia. Currency exposures are hedged (using derivatives) up to 100% of the value of the portfolio.	Asset Class	Ranges	Target	Investors who are seeking a long term investment in a <i>diversified portfolio</i> of global shares that is protected against the movements in currency exchange rates and who accept the possibility of losses in capital.	High risk	At least 7 years
					International Shares (Hedged)	95 - 100%	100%			
					Cash	0 - 5%	0%			
Select	International Shares	Aims to closely match the return of the international share market as measured by the MSCI World ex Australia Index (net <i>Dividends reinvested</i>), before fees and taxes.	MSCI World ex-Australia Index (net <i>Dividends reinvested</i>).	The option can invest directly or indirectly (via managed investments) in shares and securities listed or to be listed on exchanges outside Australia.	Asset Class	Ranges	Target	Investors who are seeking a long term investment in a <i>diversified portfolio</i> of global shares who accept the possibility of losses in capital.	Very High risk	At least 8 years
					International Shares	95 - 100%	100%			
					Cash	0 - 5%	0%			

Living Super investments

(Continued)

Category	Investment options	Investment objectives	Benchmark	Investment strategies	Guidelines, strategic asset allocation and ranges			Who is this suitable for?	Risk label	Minimum suggested investment timeframe
Select	Australian Listed Property	Aims to closely match the return of the listed property securities market, as measured by the S&P/ASX 200 A-REIT Index before fees and taxes.	S&P/ASX 200 A-REIT Index	The option can invest directly or indirectly (via managed investments) in property securities listed or to be listed on the ASX.	Asset Class	Ranges	Target	Investors who are seeking a long term investment in a <i>diversified portfolio</i> of listed property securities and the possibility of losses in capital.	High risk	At least 7 years
					Australian Listed Property	95 - 100%	100%			
					Cash	0 - 5%	0%			
Select	Australian Fixed Interest	Aims to closely match the return of the Australian fixed interest market as measured by the Bloomberg AusBond Composite Bond Index before fees and taxes.	Bloomberg AusBond Composite Bond Index	The option can invest directly or indirectly (via managed investments) in bonds from the Bloomberg AusBond Composite Bond Index.	Asset class	Ranges	Target	Investors seeking a return higher than that available from Cash, Capital losses may occur over the short term and the level of <i>income</i> may vary from time to time.	Medium risk	At least 3 years
					Australian Fixed Interest	95 - 100%	100%			
					Cash	0 - 5%	0%			
Select	International Fixed Interest (Hedged)	Aims to match the return of the international fixed interest market - hedged (<i>income</i> and capital growth) as measured by the Citigroup World Government Bond Index ex Australia, 100% hedged to Australian dollars before fees and taxes.	Citigroup World Government Bond Index ex Australia, 100% hedged to Australian dollars.	The option can invest directly or indirectly (via managed investments) in bonds from the Citigroup World Government Bond Index ex Australia, 100% hedged to Australian dollars.	Asset class	Ranges	Target	Investors seeking a return higher than that available from cash from global fixed interest securities that are protected from movements in currency exchange, as well as an <i>income</i> stream. Capital losses may occur over the short term and the level of <i>income</i> may vary from time to time.	Medium risk	At least 3 years
					International Fixed Interest (Hedged)	95 - 100%	100%			
					Cash	0 - 5%	0%			
Shares	Shares	To provide direct access to constituents of the S&P/ASX 300 index and selected exchange traded products.	N/A	Access to the constituents of the S&P/ASX 300 index and selected exchange traded products is provided through ING Living Super's share broker.	Tier	Maximum % in one security	Maximum % of total account balance	Investors who are looking for an investment in one or more single <i>listed securities</i> who accept the possibility of a loss of capital.	See the Shares and exchange traded products fact sheet on ing.com.au for a full list of the exchange traded products available, which tier they are in and their risk labels. For the list of shares on the S&P/ASX 300 see asx.com.au . The risk label for the S&P/ASX 300 is High risk.	At least 7 years
					S&P/ASX 300 Constituents	20%	100%*			
					Tier 1 Exchange Traded Product	50%	100%*			
					Tier 2 Exchange Traded Product	25%	100%*			
					Tier 3 Exchange Traded Product	10%	40%			

* subject to Cash Hub minimums.

Living Super investments

(Continued)

Investment managers

ING Bank (Australia) Limited ABN 24 000 893 292 AFSL 229823, Australian Credit Licence 229823 is the investment manager of the managed investment options, Cash Hub and Term Deposits. State Street Global Advisors Australia Limited ABN 42 003 914 225, AFSL 238276 has been appointed by the investment manager as the sub-investment manager of the assets of the managed investments other than the cash assets.

Interest rates in Living Super

The interest rate on the Cash Option and the cash component of the Balanced and Growth Options varies from time to time. This rate is independent to the interest rates on ING's other banking products. This means that interest rates may be different between those credited within Living Super and those that are offered direct on our other banking products.

Assets held with investment managers

The assets of the ING Living Super fund are with two investment managers. The amounts held with these investment managers are below :

As at 30 June 2017	Balance
ING Bank (Australia)	\$1319m
State Street Global Advisors	\$992m

Single assets valued above 5% of total funds under Management

At the end of the 2016-2017 financial year, the Fund had:

- 43% invested in the ING Balanced option;
- 15% invested in the Cash Hub with ING;
- 13% invested in Term Deposits with ING; and
- 11% invested in Shares (through the S&P/ASX 300 and selected exchange traded products);
- 6% invested in the ING High Growth option

Derivative securities

The Trustee does not invest directly in any futures, options or other derivative instruments. However, external managers may use derivatives in managed investment schemes in which the Trustee invests. The Trustee views the use of Derivatives within the investment options available through the Fund as acceptable for the following purposes:

- To protect the assets of the Fund against, or minimise liability from, a fluctuation in market values;
- To reduce the transaction cost of achieving the desired asset allocation or investment profile for the Fund;
- To obtain prices that may not be available to the Fund in other markets;
- To reduce volatility and the impact on portfolio valuations of market movements; and
- To achieve adjustment of asset exposures within parameters fixed in the investment strategy.

Treatment of net earnings

Net earnings are allocated to member accounts in accordance with changes in the value of their investments (e.g. unit or share prices) or by the crediting of returns to member accounts (e.g. interest).

The Trustee uses four different methods and timings to value the investment options within the menu:

1. Managed investment unit pricing is updated daily;
2. The Cash Hub is valued based on relevant interest rates accrued daily and credited monthly;
3. The 3 months, 6 months and 1 year Term Deposits are valued based on relevant interest rates with interest paid on maturity. The 2 year Term Deposit interest is accrued on anniversary and paid on maturity. An Interest Rate Reduction applies if a Term Deposit is closed before the maturity date;
4. ASX listed securities prices are updated via the share broker at the most recent market price.

Living Super investments

(Continued)

Managed Investment Options performance

The tables below detail the historical performance of the investment options for the Super, Transition to Retirement and Pension accounts effective 30 June 2017. Just remember, past performance is not a reliable indicator of future performance.⁶

Super accounts

Investment category	Investment option	1 Month (%)	3 Months (%)	6 Months (%)	1 year (%)	2 years (%pa)	3 years (%pa)	Since inception (%pa)	Inception date
Safe	Cash option	0.13%	0.38%	0.79%	1.64%	1.98%	2.22%	2.38%	3/9/2012
Smart	Balanced	-0.19%	0.51%	2.75%	8.29%	4.98%	5.73%	7.87%	13/8/2012
Select	Australian Fixed Interest	-0.71%	0.86%	1.86%	0.14%	2.91%	3.44%	3.55%	16/8/2012
Select	Australian Listed Property	-4.05%	-2.42%	-1.61%	-3.71%	7.78%	10.99%	11.85%	16/8/2012
Select	Australian Shares	0.22%	-1.27%	3.15%	12.80%	7.27%	7.20%	10.57%	29/8/2012
Select	Growth	-0.54%	0.63%	3.30%	9.59%	6.07%	7.21%	9.77%	30/8/2012
Select	High Growth	-0.48%	1.13%	4.79%	14.88%	7.62%	9.03%	12.93%	30/8/2012
Select	International Fixed Interest (Hedged)	-0.25%	0.74%	0.82%	-1.22%	3.62%	3.98%	4.14%	16/8/2012
Select	International Shares	-2.29%	3.64%	4.42%	13.72%	6.86%	11.88%	16.07%	29/8/2012
Select	International Shares (Hedged)	0.11%	3.05%	8.12%	19.99%	8.80%	9.41%	13.52%	29/8/2012

Transition to Retirement and Pension accounts

Investment category	Investment option	1 Month (%)	3 Months (%)	6 Months (%)	1 year (%)	2 years (%pa)	3 years (%pa)	Since inception (%pa)	Inception date
Safe	Cash option	0.15%	0.45%	0.92%	1.91%	2.32%	2.61%	2.99%	2/10/2012
Smart	Balanced	-0.21%	0.58%	3.13%	9.17%	5.53%	6.32%	8.54%	2/10/2012
Select	Australian Fixed Interest	-0.84%	0.98%	2.15%	0.16%	3.41%	4.05%	3.67%	2/10/2012
Select	Australian Listed Property	-4.58%	-2.69%	-1.79%	-4.38%	8.70%	12.21%	13.04%	2/10/2012
Select	Australian Shares	0.27%	-1.23%	3.75%	13.72%	7.85%	7.79%	12.52%	2/10/2012
Select	Growth	-0.61%	0.70%	3.73%	10.58%	6.74%	7.93%	10.74%	2/10/2012
Select	High Growth	-0.45%	1.14%	5.27%	16.32%	8.34%	9.82%	13.89%	2/10/2012
Select	International Fixed Interest (Hedged)	-0.29%	0.85%	0.96%	-1.42%	4.22%	4.64%	4.70%	2/10/2012
Select	International Shares	-2.53%	3.98%	4.85%	15.15%	7.52%	12.99%	17.22%	26/2/2013
Select	International Shares (Hedged)	0.14%	3.16%	8.90%	20.72%	9.01%	9.69%	12.65%	8/3/2013

For the curious: ⁶The information in the tables above represents the historical performance of the managed investment options available within ING Living Super. The performance is calculated by measuring the change in the sell price for each managed investment option over the relevant time period. The performance calculation is net of all fees and taxes that are accrued in the calculation of the unit prices, but does not include any fees and taxes that are charged directly to your account. Past performance is not a reliable indicator of future performance. These returns aren't the actual returns on your individual investments. Your individual returns are impacted by the timing and size of your account transactions over the relevant period.

Abridged financial statements

The abridged financial statements for ING Living Super are based on audited balances extracted from the financial statements ING Living Super for the year ended 30 June 2017. The full audited financial statements and auditor's report for ING Living Super will be available at ing.com.au by the end of **September 2017**.

Statement of Financial Position as at 30 June 2017	2017 \$'000	2016 \$'000
Investment assets		
Term deposits	314,531	299,738
Australian equities	262,031	182,492
Unlisted unit trusts	1,550,481	1,236,565
Other assets		
Cash and cash equivalents	368,181	299,966
Trade and other receivables	5,684	5,309
Deferred tax assets	-	5,082
Outstanding investment settlements	3,470	1,241
Total assets	2,504,378	2,030,393
Liabilities		
Benefits payable	2,538	1,245
Trade and other payables	2,291	4,030
Current tax liabilities	3,532	5,760
Deferred tax liabilities	658	-
Total liabilities	9,019	11,035
Net assets available to pay benefits	2,495,359	2,019,358
Represented by liabilities for accrued benefits		
Allocated to members' accounts	2,490,812	2,018,194
ORFR Reserve	178	-
Unallocated to members' accounts	4,369	1,164
Total liability for accrued benefit	2,495,359	2,019,358

Operating Statement for the year ended 30 June 2017	2017 \$'000	2016 \$'000
Investment revenue		
Interest	12,848	11,477
Dividends	8,666	3,901
Distributions	86,690	45,571
Changes in net market value of investments	54,731	(30,040)
Total investment revenue	162,935	30,909
Contribution revenue		
Employer contributions	183,985	138,831
Members' contributions	100,025	89,980
Transfers from other funds	434,329	518,626
Total contribution revenue	718,339	747,437
Other revenue		
Group Life Insurance Proceeds	1,918	971
Other	5,469	591
Total other revenue	7,387	1,562
TOTAL REVENUE	888,661	779,908
Direct investment expenses	1,058	546
General administration expenses		
Operating expenses	6,180	2,716
Group life insurance premiums	11,414	7,661
Total general administrative expenses	17,594	10,377
TOTAL EXPENSES	18,652	10,923
Benefits accrued as a result of operations before income tax	870,009	768,985
Income tax (expense)/benefit	33,036	19,425
Benefits accrued as a result of operations	836,973	749,560

Product update

ING DIRECT Superannuation fund name change to ING Superannuation fund

ING DIRECT is progressively changing our name and logo to ING. This will start in August and wrap up in December 2017.

Our fund name changed on 1 September 2017, but not to worry, the accounts and services you expect from us will not change. The fund's name will change to the "ING Superannuation Fund" and we will have a new web address - ing.com.au, with new logos on buildings, advertising and marketing materials, customer emails and letters, account statements and on our website.

What does this mean for you?

Keep in mind that our name is changing and you will be progressively start to see new documentation with the new name. Everything else will remain the same.

Changes to the fee structure of Living Super

On 1 June 2017, ING and the Trustee introduced a new fee structure to Living Super. This included changes to investment fees supporting the enhancements made to the investment options outlined in this document. In addition, changes were made to administration fees to ensure Living Super remains a sustainable superannuation solution for our customers and we continue to deliver you further enhancements in future. Refer to the adjacent table for details on these changes.

The fees and costs expressed in the table are inclusive of GST less any reduced input tax credits and apply from 1 June 2017. The buy-sell spreads are effective from 27 July 2017.

		Cash Hub	Safe (Cash and Term Deposits)	Smart (Balanced option)	Select (Managed funds)	Shares	
Type of fee	What changed on 1 June 2017	Amount	Amount	Amount	Amount	Amount	How and when paid
Investment fee	Cash Hub, Safe, Shares, Select – no change. Smart - A 0.25% p.a. investment fee has been applied.	Nil		0.25% p.a. on the account balance in Smart and Select investment categories.		Nil	Cash Hub, Safe, Shares – Not applicable. Smart, Select – Calculated daily and factored into the unit price.
Administration fee	Cash Hub, Safe, Smart, Select and Shares - A \$5 per month dollar-based administration fee has been applied to all Living Super accounts.	\$5 per month (\$60 p.a.)					\$5 per month deducted from the Cash Hub monthly in arrears on the last day of each month or when you close your account. Calculated pro-rata in the month your Living Super account is first opened or closed. If you have more than one account (e.g. a Super account and a TTR account) you will be charged one member fee on each account. This fee will still apply if you are 100% invested in the Cash Hub.
	Cash Hub, Safe, Smart, Select and Shares - Super funds are required to hold capital reserves to cover the risk of loss to members from an operational risk. This is known as the Operational Risk Financial Requirement (ORFR). The Trustee previously fully funded this reserve on behalf of customers, however from 1 June 2017 an estimated charge of 0.14% p.a. has been applied to all customers to fund this reserve on an ongoing basis. Smart – A 0.50% p.a. Administration fee will now apply, capped at \$2,500 p.a. Select – The 0.50% p.a. Administration fee will continue to apply (no change), now capped at \$2,500 p.a. (previously \$1,000 p.a.). Shares – A 0.50% p.a. Administration fee will replace the current \$300 p.a. fee for the Shares investment category, capped at \$2,500 p.a.	PLUS Estimated to be between 0.03-0.14% p.a. on the total account balance invested in Living Super.	PLUS 0.64% p.a. (0.50% p.a. on the account balance in Smart, Select and Shares investment categories capped at \$2,500 p.a. plus an estimated 0.03-0.14% p.a. on the total account balance).			Cash Hub, Safe, Smart, Select, Shares – Calculated daily, deducted from the Cash Hub monthly on the last day of the month or when you close your account. The cap for the Smart, Select and Shares administration fee applies between 1 July and 30 June of each year.	

Product update

(Continued)

Please note, a minimum total account balance of \$5,000 previously applied to the Balanced option. From 1 June 2017, this rule no longer applies. If your balance is less than \$100 on 1 June 2017, we may transfer your balance to an eligible rollover fund. If this impacts you, we will communicate to you separately prior to transferring your account.

Type of fee	What changed on 1 June 2017	Cash Hub	Safe (Cash and Term Deposits)	Smart (Balanced option)	Select (Managed funds)	Shares	How and when paid
		Amount	Amount	Amount	Amount	Amount	
Indirect fee cost ratio	Indirect costs that apply to some investment options within the Smart and Select investment options took effect on 1 June 2017.	Nil		Balanced, Growth and High Growth investment options – 0.01% p.a. International Shares (Hedged) investment option – 0.05% p.a. International Fixed Interest (Hedged) – 0.08% p.a. All other investment options in the Smart & Select category – Nil		Nil	Smart and Select – Deducted from the investment returns of the underlying investments.

Type of fee	What changed on 27 July 2017	Cash Hub	Safe	Smart	Select	Shares	How and when paid
		Amount	Amount	Amount	Amount	Amount	
Buy-sell spread	From 27 July 2017, the buy-sell spreads for the Balanced, Growth and High Growth options and some single sector investment options changed to the following: Balanced option – buy fee <u>increased</u> by 0.01%. No change to the sell fee. Growth option – buy fee <u>decreased</u> by 0.02%. sell fee <u>decreased</u> by 0.03% High Growth option – the buy/sell fees <u>decreased</u> by 0.04% each. Australian Fixed Interest – the buy/sell fees <u>decreased</u> by 0.02% each. International Fixed Interest (Hedged) – the buy/sell fees <u>increased</u> by 0.03% each. International Shares – the buy/sell fees <u>decreased</u> by 0.08% each International Shares (Hedged) – the buy/sell fees <u>decreased</u> by 0.08% each. There were no change to the other options in the Select investment category.	Nil		Option (Buy-sell) Balanced (0.08% - 0.06%) Growth (0.09% - 0.07%) High Growth (0.11% - 0.09%) Australian Fixed Interest (0.08% - 0.08%) International Fixed Interest (Hedged) (0.09% - 0.09%) International Shares (0.12% - 0.07%) International Shares (Hedged) (0.13% - 0.08%)		Nil	Cash Hub, Safe, Shares – Not applicable. Smart, Select - Included in the unit price.

Product update

(Continued)

What will the cost of fees be?

Refer to the tables below for examples of how fees are applicable for the Balanced and Growth investment options:

Example - Living Super's Balanced investment option		Balance of \$50,000
<i>Investment fees</i>	0.25% p.a. on the <i>account</i> balance in Balanced investment option	For every \$50,000 you have in this investment option you will be charged \$125 each year
PLUS <i>Administration fees</i>	\$5 per month (or \$60 p.a.) Plus , 0.64% p.a. (0.50% p.a. on the <i>account</i> balance in Balanced investment option capped at \$2,500 p.a. plus an estimated 0.03-0.14% p.a. on the total <i>account</i> balance)	And , \$60 each year regardless of balance. Plus , for every \$50,000 you have in this investment option you will be charged \$250 each year capped at \$2,500 p.a. Plus , for every \$50,000 you have invested you will be charged up to \$70 p.a.
PLUS Indirect costs for the Living Super's Balanced option	0.01%	And , indirect costs of \$5 will be deducted from your investment
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$510* for this investment option.

*Additional fees may apply. And, if you leave the superannuation entity, you may be charged an exit fee of \$0 and a buy/sell spread which also applies whenever you make a contribution, exit, rollover or investment switch. The buy/sell spread for exiting is 0.06% (this will equal to \$30 for every \$50,000 you withdraw).

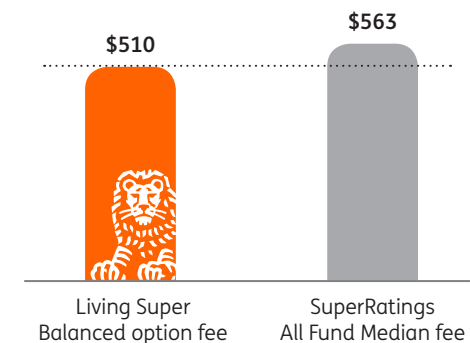
Example - Living Super's Growth investment option		Balance of \$50,000
<i>Investment fees</i>	0.25% p.a. on the <i>account</i> balance in Growth investment option	For every \$50,000 you have in this investment option you will be charged \$125 each year
PLUS <i>Administration fees</i>	\$5 per month (or \$60 p.a.) Plus , 0.64% p.a. (0.50% p.a. on the <i>account</i> balance in Growth investment option capped at \$2,500 p.a. plus an estimated 0.03-0.14% p.a. on the total <i>account</i> balance)	And , \$60 each year regardless of balance. Plus , for every \$50,000 you have in this investment option you will be charged \$250 each year capped at \$2,500 p.a. Plus , for every \$50,000 you have invested you will be charged up to \$70 p.a.
PLUS Indirect costs for the Living Super's Growth option	0.01%	And , indirect costs of \$5 will be deducted from your investment
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$510* for this investment option.

*Additional fees may apply. And, if you leave the superannuation entity, you may be charged an exit fee of \$0 and a buy/sell spread which also applies whenever you make a contribution, exit, rollover or investment switch. The buy/sell spread for exiting is 0.07% (this will equal to \$35 for every \$50,000 you withdraw).

How do fees in Living Super compare to other superannuation funds?

SuperRatings, an independent research and consulting provider, have conducted an analysis of our new fee structure compared to other superannuation funds. SuperRatings confirm the fees for the Living Super Balanced option remains below the median when compared against retail and industry super fund options with similar asset allocations.

The full report is available at ing.com.au/superratings



'Living Super's Balanced option fees remain below the median when compared against retail and industry super fund options with similar asset allocations.'

-SuperRatings 2017

What does this mean for you?

The changes that applied from 1 June 2017 will mean different things to different people. So please review your situation and superannuation investments in light of these changes.

We're here for you on 133 464, 8am-8pm Mon to Fri, or 9am-5pm Saturday (AEST/AEDT) for any questions.

For the curious: ⁷The comparisons are based on a \$50,000 account balance and include member fees, administration fees and investment management fees as disclosed in the latest Product Disclosure Statement for each accumulation product. Contribution fees, entry fees, exit fees, additional adviser fees or any other fees charged are excluded from this review. The SuperRatings All Fund median is the calculation of total ongoing fees payable (applicable member fees, administration fees and investment management fees) on a \$50,000 account balance invested in the 'Balanced option' (60-76% growth asset allocation) of Retail Master Trusts and Not For Profit (Industry) superannuation funds tracked by SuperRatings. The comparisons were based on information held within the SuperRatings database as at 27 February 2017.

Product update

(Continued)

Investment enhancements to the Balanced, Growth and High Growth options

Investment performance has been solid across the Balanced (Smart investment category), Growth and High Growth investment options (within the Select investment category) for the past few years. Following a review of the investment strategies and objectives of these three investment options, the Balanced, Growth and High Growth investment options have been restructured to ensure they are appropriate for the expected future investment environment and remain a suitable investment choice for Living Super customers. These changes aim to provide you with improved performance over the long term by reducing the asset allocation in cash and diversifying investments across a broader range of asset classes.

What does this mean for you?

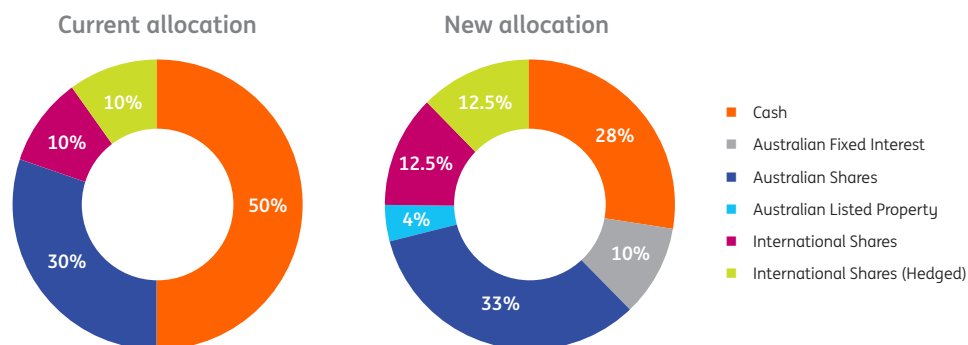
The changes to the Balanced option have applied from 1 June 2017. If you are currently invested in the Balanced option and do not want the new Balanced option asset allocation, you can choose your own investments or replicate the current Balanced option allocation using the Select investment options. You can do this online any time by following the below instructions:

1. Go to ing.com.au and log in with your Client Number and Access Code
2. Click on your Superannuation account
3. In the new screen, click Change your Investments

If choosing your own investments, buy/sell spreads will apply. Remember, before making any investment decisions to consider if it is right for your financial circumstances. Past performance is not an indicator of future performance and when choosing your investment options you should consider the likely investment return, risk and how long you will be investing your super.

Balanced option

The Balanced option asset allocation aims to provide medium to long term capital growth with income built into the unit price. The risk level for this option has changed from Medium-High to High risk.



New Investment Objective

Aims to achieve a 2.0% average annual return above inflation (CPI) over 6 years after fees and taxes (previously 2.5% over 4 years before fees and tax).

Along with changes to the asset allocation, the asset class allocation ranges have been updated.

Asset class	Previous ranges	New ranges	Previous target allocation	New target allocation
Australian Shares	15-45%	18-45%	30%	33%
International Shares	0-20%	5-25%	10%	12.5%
International Shares (Hedged)	0-20%	5-25%	10%	12.5%
Australian Listed Property	0%	0-10%	0%	4%
Australian Fixed Interest	0-10%	0-25%	0%	10%
International Fixed Interest (Hedged)	0%	0-10%	0%	0%
Cash	20-60%	20-40%	50%	28%

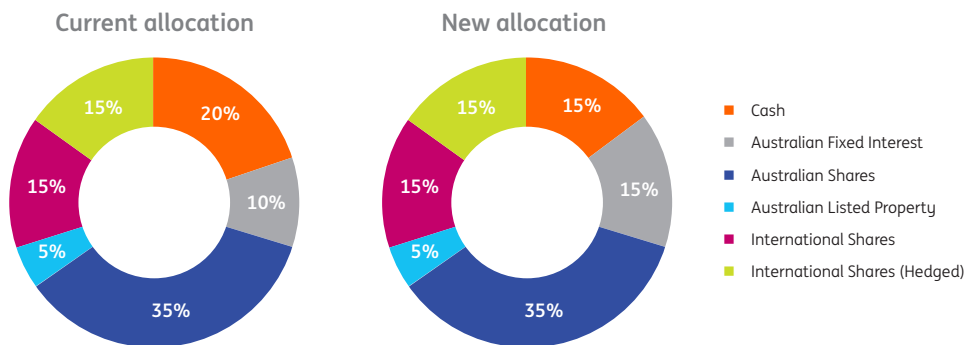
Product update

(Continued)



Growth option

The Growth option aims to provide long term capital growth with income built into the unit price. The risk level of this option has not changed.



New Investment Objective

Aims to achieve a 2.5% average annual return above inflation (CPI) over 8 years after fees and taxes (previously 3.0% over 6 years before fees and taxes).

Along with changes to the asset allocation, the asset class allocation ranges have been updated.

Asset class	Previous ranges	New ranges	Previous target allocation	New target allocation
Australian Shares	20-50%	25-45%	35%	35%
International Shares	10-40%	5-25%	15%	15%
International Shares (Hedged)	10-40%	5-25%	15%	15%
Australian Listed Property	0-10%	0-15%	5%	5%
Australian Fixed Interest	0-20%	0-25%	10%	15%
International Fixed Interest (Hedged)	0%	0-10%	0%	0%
Cash	10-30%	5-25%	20%	15%

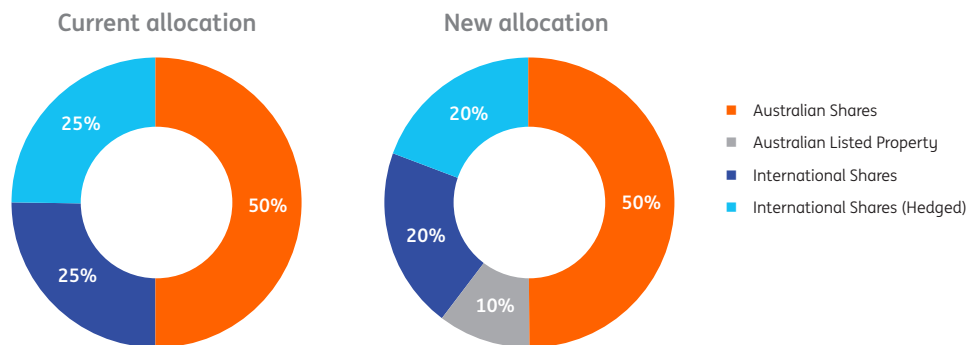
Product update

(Continued)



High Growth option

The High Growth option aims to provide long term capital growth with income built into the unit price. The risk level of this option has not changed.



New Investment Objective

Aims to achieve a 3.5% average annual return above inflation (CPI) over 10 years after fees and taxes (previously 3.5% over 7 years before fees and taxes).

Along with changes to the asset allocation, the asset class allocation ranges have been updated.

Asset class	Previous ranges	New ranges	Previous target allocation	New target allocation
Australian Shares	25-75%	40-60%	50%	50%
International Shares	0-50%	10-30%	25%	20%
International Shares (Hedged)	0-50%	10-30%	25%	20%
Australian Listed Property	0-5%	0-20%	0%	10%
Cash	0-5%	0-5%	0%	0%

Product update

(Continued)

Maximums for Shares and Exchange Traded Products (ETPs)

The share trading maximums have changed to allow greater flexibility when investing in the Shares category. A maximum will apply depending on which share or ETP you invest in, which we have grouped into tiers. We've listened to your feedback and we're now providing more opportunity to diversify and control your investments.

See the table for details of the new maximums. A list of all ETPs grouped by tier can be found at the end of this update.

These new maximums will apply for any new purchases made from the Shares investment category.

What does this mean for you?

Please review your situation and current superannuation investments in light of these changes. If you need help understanding these changes, you can speak to one of our super specialists on 133 464, 8am-8pm Mon to Fri, or 9am-5pm Saturday (AEST/AEDT).

	Tiers	Individual share maximum	Total portfolio maximum
Old maximums	S&P/ASX 300 & ETPs	You can invest a maximum of 20% of your total account balance in any one share.	You can invest up to 80% of your total account balance in shares.
	Direct shares		
New maximums	S&P/ASX 300 constituents	A maximum of 20% of your total account balance can be invested in any one of the S&P/ASX 300 constituents (no change).	A maximum of 100% of your total account balance (subject to the Cash Hub minimum) can be invested in the S&P/ASX 300 constituents.
	ETPs		
	Exchange Traded Product Tier 1	A maximum of 50% of your total account balance can be invested in any one of the Tier 1 Exchange Traded Products (an increase of 30% from the previous limit).	A maximum of 100% of your total account balance (subject to the Cash Hub minimum) can be invested in Tier 1 Exchange Traded Products, an increase of 20% from the previous limit.
	Exchange Traded Product Tier 2	A maximum of 25% of your total account balance can be invested in any one of the Tier 2 Exchange Traded Products (an increase of 5% from the previous limit).	A maximum of 100% of your total account balance (subject to the Cash Hub minimum) can be invested in Tier 2 Exchange Traded Products, an increase of 20% from the previous limit.
	Exchange Traded Product Tier 3	A maximum of 10% of your total account balance can be invested in any one of the Tier 3 Exchange Traded Products (a decrease of 10%). Please note: If you are invested in any ETP in Tier 3 as at 1 June 2017 and exceed either of the maximums, you will not be able to purchase further ETPs in this tier until you have reduced the balance below the applicable maximum.	A maximum of 40% of your total account balance can be invested in Tier 3 Exchange Traded Products, a decrease of 40% from previous limit.

Product update

(Continued)

Tiered ETP list

Our shares menu will now be tiered to make it easier for you to identify which maximum applies to which tier. This menu took effect on 1st September 2017.

Investment type	Asset class	ING ETP Menu Name	Ticker	SRM Risk band	SRM Risk label	Tier Allocation (New or Recommended)
Australian Shares	Australian Shares	[All constituents of the S&P/ASX 300 index]	N/A	6	High	N/A
ETF	Fixed Interest	Australian High Interest Cash ETF	AAA	1	Very Low	1
ETF	Australian Shares	BetaShares FTSE RAFI Australia 200 ETF	QOZ	6	High	1
ETF	International Shares	BetaShares FTSE RAFI US 1000 ETF	QUS	6	High	2
ETF	Currency	BetaShares U.S. Dollar ETF	USD	7	Very high	3
ETF	International Shares	iShares Asia 50 ETF	IAA	5	Medium to high	3
ETF	Fixed Interest	iShares Core Composite Bond ETF	IAF	6	High	1
ETF	International Shares	iShares MSCI BRIC ETF	IBK	5	Medium to high	3
ETF	International Shares	iShares MSCI Emerging Markets ETF	IEM	5	Medium to high	3
ETF	International Shares	iShares Europe ETF	IEU	6	High	2
ETF	Fixed Interest	iShares Treasury ETF	IGB	6	High	1
ETF	Australian Shares	iShares S&P/ASX Dividend Opportunities Fund ETF	IHD	6	High	1
ETF	International Shares	iShares MSCI Hong Kong ETF	IHK	6	High	2
ETF	International Shares	iShares Global 100 AUD Hedged	IHOO	7	Very high	1
ETF	International Shares	iShares S&P 500 AUD Hedged	IHVV	7	Very high	2
ETF	International Shares	iShares S&P MidCap 400	IJH	6	High	2
ETF	International Shares	iShares MSCI Japan ETF	IJP	6	High	2
ETF	International Shares	iShares S&P SmallCap 600	IJR	6	High	2
ETF	International Shares	iShares MSCI South Korea Capped ETF	IKO	5	Medium to high	3
ETF	Fixed Interest	iShares Government Inflation ETF	ILB	7	Very high	1
ETF	Australian Shares	iShares S&P/ASX 20 ETF	ILC	6	High	1
ETF	International Shares	iShares Global 100 ETF	IOO	6	High	1
ETF	Australian Shares	iShares Core S&P/ASX 200 ETF	IOZ	6	High	1

Product update

(Continued)

Investment type	Asset class	ING ETP Menu Name	Ticker	SRM Risk band	SRM Risk label	Tier Allocation (New or Recommended)
ETF	International Shares	iShares Russell 2000 ETF	IRU	6	High	2
ETF	International Shares	iShares MSCI Singapore ETF	ISG	6	High	2
ETF	International Shares	iShares MSCI EAFE ETF	IVE	6	High	1
ETF	International Shares	iShares S&P 500	IVV	6	High	2
ETF	International Shares	iShares Global Consumer Staples ETF	IXI	6	High	2
ETF	International Shares	iShares Global Healthcare ETF	IXJ	6	High	2
ETF	International Shares	iShares China Large-Cap ETF	IZZ	5	Medium to high	3
ETF	Commodities	ETFS Physical Silver	ETPMAG	7	Very high	3
ETF	Commodities	ETFS Physical Precious Metal Basket	ETPMPM	7	Very high	3
ETF	Commodities	ETFS Physical Gold	GOLD	7	Very high	3
ETF	Fixed Interest	Russell Australian Select Corporate Bond ETF	RCB	6	High	1
ETF	Australian Shares	Russell High Dividend Australian Shares ETF	RDV	6	High	1
ETF	Fixed Interest	Russell Australian Government Bond ETF	RGB	6	High	1
ETF	Fixed Interest	Russell Australian Semi-Government Bond ETF	RSM	6	High	1
ETF	Australian Shares	Russell Australia Value ETF	RVL	6	High	1
ETF	Fixed Interest	SPDR S&P/ASX Australian Bond Fund	BOND	6	High	1
ETF	Property	SPDR Dow Jones Global Real Estate Fund	DJRE	6	High	2
ETF	Fixed Interest	SPDR S&P/ASX Australian Government Bond Fund	GOVT	6	High	1
ETF	Australian Shares	SPDR S&P/ASX 200 Financials ex A-REITS Fund	OZF	6	High	2
ETF	Australian Shares	SPDR S&P/ASX 200 Resources Fund	OZR	6	High	2
ETF	Australian Shares	SPDR 50 Fund	SFY	6	High	1
ETF	Property	SPDR S&P/ASX 200 Listed Property Fund	SLF	6	High	2
ETF	Australian Shares	SPDR 200 Fund	STW	6	High	1
ETF	Australian Shares	SPDR MSCI Australia Select High Dividend Yield Fund	SYI	6	High	1
ETF	International Shares	SPDR S&P Global Dividend Fund	WDIV	6	High	1

Product update

(Continued)

Investment type	Asset class	ING ETP Menu Name	Ticker	SRM Risk band	SRM Risk label	Tier Allocation (New or Recommended)
ETF	International Shares	SPDR S&P World Ex Australia (Hedged) Fund	WXHG	7	Very high	1
ETF	International Shares	SPDR S&P World Ex Australia Fund	WXOZ	6	High	1
ETF	Australian Shares	UBS IQ Morningstar Australian Quality ETF	ETF	6	High	1
ETF	Australian Shares	UBS IQ MSCI Australia Ethical	UBA	6	High	1
ETF	International Shares	UBS IQ MSCI Europe Ethical ETF	UBE	6	High	2
ETF	International Shares	UBS IQ MSCI USA Ethical ETF	UBU	6	High	2
ETF	International Shares	UBS IQ MSCI World ex Australia Ethical ETF	UBW	6	High	1
ETF	Australian Shares	VanEck Vectors Australian Equal Weight ETF	MVW	6	High	1
ETF	International Shares	VanEck Vectors MSCI World Ex-Australia ETF	QUAL	6	High	1
ETF	Fixed Interest	Vanguard Australian Fixed Interest Index	VAF	6	High	1
ETF	Property	Vanguard Australian Property Securities Index ETF	VAP	6	High	2
ETF	Australian Shares	Vanguard Australian Shares Index	VAS	6	High	1
ETF	International Shares	Vanguard All-World EX US Shares Index	VEU	6	High	1
ETF	International Shares	Vanguard MSCI Index International Series (Hedged)	VGAD	7	Very high	1
ETF	Fixed Interest	Vanguard Australian Government Bond Index ETF	VGB	6	High	1
ETF	International Shares	Vanguard FTSE Emerging Markets Shares	VGE	5	Medium to high	3
ETF	International Shares	Vanguard MSCI Index International Series	VGS	6	High	1
ETF	Australian Shares	Vanguard Australian Shares High Yield ETF	VHY	6	High	1
ETF	Australian Shares	Vanguard MSCI Australian Large Companies Index	VLC	6	High	1
ETF	Australian Shares	Vanguard MSCI Australian Small Companies Index	VSO	6	High	3
ETF	International Shares	Vanguard US Total Market Shares Index	VTS	6	High	2
LIC	Australian Shares	Australian Foundation (AFI)	AFI	6	High	1
LIC	Australian Shares	Australian Leaders Fund Limited (ALF)	ALF	6	High	3
LIC	Australian Shares	Argo Investments (ARG)	ARG	6	High	1
LIC	Australian Shares	BKI Investment Company	BKI	6	High	1

Product update

(Continued)

Investment type	Asset class	ING ETP Menu Name	Ticker	SRM Risk band	SRM Risk label	Tier Allocation (New or Recommended)
LIC	Australian Shares	Contango MicroCap (CTN)	CTN	6	High	3
LIC	Australian Shares	Djerriwarrh Investments (DJW)	DJW	6	High	1
LIC	Australian Shares	Diversified United Investment Limited (DUI)	DUI	6	High	1
LIC	International Shares	Hunter Hall Global Value (HHV)	HHV	6	High	1
LIC	International Shares	Magellan Flagship Fund (MFF)	MFF	6	High	2
LIC	Australian Shares	Mirabooka Investments (MIR)	MIR	6	High	1
LIC	Australian Shares	Milton Corporation (MLT)	MLT	6	High	1
LIC	International Shares	Platinum Capital (PMC)	PMC	6	High	1
LIC	Australian Shares	WAM Capital Limited (WAM)	WAM	6	High	3
LIC	Australian Shares	Whitefield Limited (WHF)	WHF	6	High	1
ETF	International Shares	ANZ EURO STOXX 50 ETF	ESTX	6	High	2
ETF	Currency	ANZ ETFS Physical Renminbi ETF	ZCNH	7	Very high	3
ETF	Commodities	ANZ ETFS Physical Gold ETF	ZGOL	7	Very high	3
ETF	Australian Shares	ANZ ETFS S&P/ASX 100 ETF	ZOZI	6	High	1
ETF	Currency	ANZ ETFS Physical US Dollar ETF	ZUSD	7	Very high	3
ETF	Australian Shares	ANZ ETFS S&P/ASX 300 High Yield Plus ETF	ZYAU	6	High	1
ETF	International Shares	ANZ ETFS S&P 500 High Yield Low Volatility ETF	ZYUS	6	High	2
ETF	Australian Shares	BetaShares Managed Risk Australian Share Fund (Managed Fund)	AUST	6	High	2
ETF	International Shares	BetaShares Global Banks ETF - Currency Hedged	BNKS	7	Very high	2
ETF	International Shares	AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT	5	Medium to high	2
ETF	International Shares	BetaShares Global Healthcare ETF - Currency Hedged	DRUG	7	Very high	2
ETF	Currency	BetaShares Euro ETF	EEU	7	Very high	2
ETF	International Shares	BetaShares Global Sustainability Leaders ETF	ETHI	6	High	1
ETF	Australian Shares	BetaShares Australian Ex-20 Portfolio Diversifier ETF	EX20	6	High	1
ETF	International Shares	BetaShares Global Agriculture Companies ETF - Currency Hedged	FOOD	7	Very high	2

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(Continued)

Investment type	Asset class	ING ETP Menu Name	Ticker	SRM Risk band	SRM Risk label	Tier Allocation (New or Recommended)
ETF	International Shares	BetaShares Global Energy Companies ETF - Currency Hedged	FUEL	7	Very high	2
ETF	Australian Shares	BetaShares Geared Australian Equity Fund (Hedge Fund)	GEAR	7	Very high	3
ETF	International Shares	BetaShares Geared US Equity Fund - Currency Hedged (Hedge Fund)	GGUS	7	Very high	3
ETF	International Shares	AMP Global Infrastructure Securities Fund (Managed Fund)	GLIN	5	Medium to high	2
ETF	International Shares	BetaShares Global Cybersecurity ETF	HACK	6	High	2
ETF	International Shares	BetaShares WisdomTree Europe ETF - Currency Hedged	HEUR	7	Very high	2
ETF	International Shares	BetaShares WisdomTree Japan ETF - Currency Hedged	HJPN	7	Very high	2
ETF	Australian Shares	BetaShares Australian Dividend Harvester Fund (Managed Fund)	HVST	6	High	2
ETF	International Shares	BetaShares Global Gold Miners ETF - Currency Hedged	MNRS	7	Very high	2
ETF	International Shares	Betashares NASDAQ 100	NDQ	6	High	2
ETF	Currency	BetaShares British Pound ETF	POU	7	Very high	3
ETF	Commodities	BetaShares Gold Bullion ETF - Currency Hedged	QAU	7	Very high	3
ETF	Australian Shares	Beta Shares S&P/ASX 200 Financials Sector ETF	QFN	6	High	2
ETF	Australian Shares	Beta Shares S&P/ASX 200 Resources Sector ETF	QRE	6	High	2
ETF	Property	AMP Capital Global Property Securities Fund (Managed Fund)	RENT	6	High	2
ETF	International Shares	Betashares S&P500 Yield Maximiser Fund (Managed Fund)	UMAX	6	High	2
ETF	International Shares	BetaShares Managed Risk Global Share Fund (Managed Fund)	WRLD	6	High	2
ETF	Australian Shares	BetaShares Australian Top 20 Equity Yield Maximiser Fund	YMAX	6	High	2
ETF	Australian Shares	iShares Edge MSCI Australia Multifactor ETF	AUMF	6	High	1
ETF	Fixed Interest	iShares Core Global Corporate Bond (AUD Hedged) ETF	IHCB	7	Very high	1
ETF	Fixed Interest	iShares J.P. Morgan USD Emerging Markets Bond (AUD Hedged) ETF	IHEB	4	Medium	3
ETF	Fixed Interest	iShares Global High Yield Bond (AUD Hedged) ETF	IHHY	4	Medium	1
ETF	International Shares	iShares Core MSCI World All Cap AUD Hedged ETF	IHWL	7	Very high	1
ETF	Australian Shares	iShares S&P/ASX Small Ordinaries ETF	ISO	6	High	3
ETF	International Shares	iShares MSCI Taiwan ETF	ITW	5	Medium to high	3

Product update

(Continued)

Investment type	Asset class	ING ETP Menu Name	Ticker	SRM Risk band	SRM Risk label	Tier Allocation (New or Recommended)
ETF	International Shares	iShares Core MSCI World All Cap ETF	IWLD	6	High	1
ETF	International Shares	iShares Global Telecom ETF	IXP	6	High	2
ETF	Australian Shares	iShares Edge MSCI Australia Minimum Volatility ETF	MVOL	6	High	1
ETF	International Shares	iShares Edge MSCI World Multifactor ETF	WDMF	6	High	1
ETF	International Shares	iShares Edge MSCI World Minimum Volatility ETF	WVOL	6	High	1
ETF	International Shares	Magellan Global Equities Fund (Managed Fund)	MGE	6	High	2
ETF	International Shares	Magellan Global Equities Fund Currency Hedged (Managed Fund)	MHG	7	Very high	2
ETF	International Shares	Magellan Infrastructure Fund (Currency Hedged) (Managed Fund)	MICH	5	Medium to high	2
ETF	Australian Shares	Russell Australian Responsible Investment ETF	RARI	6	High	1
ETF	International Shares	Schroders Real Return Fund (Managed Fund)	GROW	4	Medium	2
ETF	International Shares	SPDR MSCI World Quality Mix Fund	QMIX	6	High	1
ETF	International Shares	SPDR S&P 500 ETF Trust	SPY	6	High	2
ETF	Australian Shares	SPDR S&P/ASX Small Ordinaries Fund	SSO	6	High	3
ETF	International Shares	SPDR S&P Emerging Markets Fund	WEMG	5	Medium to high	3
ETF	Australian Shares	UBS IQ Morningstar Australia Dividend Yield ETF	DIV	6	High	1
ETF	International Shares	UBS IQ MSCI Japan Ethical ETF	UBJ	6	High	2
ETF	International Shares	UBS IQ MSCI Asia APREX 50 Ethical ETF	UBP	5	Medium to high	3
ETF	International Shares	VanEck Vectors ChinaAMC CSI 300 ETF	CETF	5	Medium to high	3
ETF	International Shares	VanEck Vectors S&P/ASX Franked Dividend ETF	FDIV	6	High	1
ETF	International Shares	VanEck Vectors Gold Miners ETF	GDX	6	High	2
ETF	International Shares	VanEck Vectors FTSE Global Infrastructure (Hedged) ETF	IFRA	5	Medium to high	2
ETF	International Shares	VanEck Vectors Morningstar Wide Moat ETF	MOAT	6	High	1
ETF	Property	VanEck Vectors Australian Property ETF	MVA	6	High	2
ETF	Australian Shares	VanEck Vectors Australian Banks ETF	MVB	6	High	2
ETF	Australian Shares	VanEck Vectors S&P/ASX Midcap ETF	MVE	6	High	1

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(Continued)

Investment type	Asset class	ING ETP Menu Name	Ticker	SRM Risk band	SRM Risk label	Tier Allocation (New or Recommended)
ETF	Australian Shares	VanEck Vectors Australian Resources ETF	MVR	6	High	2
ETF	Australian Shares	VanEck Vectors Small Cap Dividend Payers ETF	MVS	6	High	3
ETF	Fixed Interest	Vanguard Australian Corporate Fixed Interest Index Fund	VACF	6	High	2
ETF	International Shares	Vanguard FTSE Asia Ex-Japan Shares index	VAE	5	Medium to high	3
ETF	Fixed Interest	Vanguard International Credit Securities Index (Hedged) ETF	VCF	7	Very high	2
ETF	International Shares	Vanguard FTSE Europe Shares ETF	VEQ	6	High	2
ETF	Fixed Interest	Vanguard International Fixed Interest Index (Hedged) ETF	VIF	7	Very high	1
ETF	Australian Shares	BetaShares Australian Equities Bear (Hedge Fund)	BEAR	6	High	2
ETF	International Shares	K2 Global Equities Fund (Hedge Fund)	KII	6	High	2
ETF	Australian Shares	K2 Australian Small Cap Fund (Hedge Fund)	KSM	6	High	3
ETF	International Shares	Switzer Dividend Growth Fund (Managed Fund)	SWTZ	6	High	2
ETF	International Shares	Platinum Asia Investments Limited	PAI	5	Medium to high	3
ETF	Australian Shares	WAM Leaders Limited	WLE	6	High	3

Product update

(Continued)

Removal of minimums currently required to invest in the Balanced option

Prior to 1 July 2017, customers invested in the Balanced option were required to maintain a total account balance of \$5,000 or have a regular contribution plan. If this minimum was not adhered to, their balance may have been transferred to the eligible rollover fund (ERF) and the account may have been closed.

From 1 July 2017, the above requirement no longer applied and customers do not need to maintain a minimum account balance in order to invest in the Balanced option.

What does this mean for you?

To invest in the Balanced option, you no longer need to make regular contributions nor maintain a minimum total account balance of \$5,000 in order to invest in this investment option.

Update to the Operational Risk Financial Requirement (ORFR) Fee definition

The wording in the Fees section of the Product Disclosure Statement and the Product Guide has been updated to clarify that the fee is funding the ORFR and any administrative costs incurred by the Trustee to maintain the ORFR.

What does this mean for you?

There is no change to you as the amount of the fee is not changing (estimated to be between 0.03 – 0.14% p.a.). The ORFR fee as defined in the Significant Event Notice dated 21st April 2017 described it as being used to fund the ORFR. The wording has now been updated to reflect that the fee will be used to fund the ORFR and any associated administration costs.

Automatic closure of Share Trading accounts

From 1 July 2017, we may close your share trading account

if you do not hold any Direct Shares and/or Exchange Traded Product within your investment portfolio and have not traded within the last 60 days.

What does this mean for you?

If you have a share trading account open, do not currently hold any Direct Shares and/or Exchange Traded Products within your investment portfolio and have not traded within the last 60 days we may close your account. If you wish to reopen a share trading account in the future it will take up to 2 business days.

Changes to the concessional and non-concessional caps

On 1 July 2017 the concessional cap decreased to \$25,000 for individuals of all ages. The non-concessional cap also decreased from \$180,000 p.a. to \$100,000 p.a.

If you are under the age of 65 you may be able to 'bring forward' up to 3 years of non-concessional contributions. However, this will be limited to :

2 years of non-concessional contributions if your total super balance is \$1.4 to less than \$1.5 million

1 year of non-concessional contributions if your total super balance is between \$1.5 to less than \$1.6 million.

No non-concessional contributions if your super balance is \$1.6 million or more.

If your account balance is greater than \$1.5 million you will not be eligible for the 'bring forward' rule.

What does this mean for you?

The value of contributions that you can make into your super account before exceeding your caps has increased. If you exceed the contribution caps excess contributions tax may still apply.

New Transfer Balance Cap

The transfer balance cap measure is a limit imposed on the total amount that a member can transfer into a tax-free pension phase account from 1 July 2017.

The general transfer balance cap is \$1.6 million for the 2017/18 financial year and will be indexed in line with CPI, rounded down to the nearest \$100,000.

All ING Living Super customers who held a pension account on 1 July 2017 had a personal balance cap of \$1.6 million established at that time. Members who open an account on or after 1 July 2017 will have the balance cap imposed at the time the account is opened.

Individuals who exceed their personal transfer balance cap will be required to have their superannuation income streams commuted (in full or part) back into accumulation phase or withdraw the excess amount. Notional earnings on the excess amounts will be subject to an excess transfer balance tax.

What does this mean for you?

If you had a pension balance of \$1.6 million or greater on 30 June 2017 you were required to commute your income stream back into the accumulation phase or withdraw the excess amount. Notional earnings on any excess amounts are subject to an excess transfer balance tax.

Removal of concessional tax treatment on income earned on Transition to Retirement accounts

From 1 July 2017, the earnings on a Transition to Retirement account will no longer be tax exempt.

What does this mean for you?

If you currently hold a Transition to Retirement account, the earnings will be taxed the same as an accumulation account (generally 15%). If you have already met a full condition

Product update

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of release please contact us to convert your Transition to Retirement account to a Pension account.

Increase to income threshold for tax offset for super contributions on behalf of your spouse

From 1 July 2017, if you earn less than \$40,000 per year (previously \$13,800 per year) your spouse may be eligible for a tax offset of up to \$540 if your spouse makes an after-tax contribution to your account.

What does this mean for you?

Your spouse may be eligible for a tax offset if you earn less than \$40,000 a year and your spouse makes an after tax contribution to your superannuation account.

Changes to the Low Income Super Contribution

From 1 July 2017, the Low Income Super Contribution (LISC) has been renamed to the Low Income Superannuation Tax Offset. It will now continue into the 2017/18 financial year.

If you earn less than \$37,000 a year (conditions apply), and your employer makes concessional (before-tax) superannuation contributions on your behalf, then you may be eligible for a refund of the contributions tax deducted from your superannuation account, paid directly to your superannuation account by the Government.

What does this mean for you?

If you earn less than \$37,000 a year you may be eligible for a refund of the contributions tax deducted from your superannuation account.

High Income Earner Contributions Tax

From 1 July 2017, anyone earning more than \$250,000 (conditions apply) may be subject to an additional 15% tax contributions tax on non-excessive concessional contributions.

What does this mean for you?

If you earn more than \$250,000 in a financial year from 1 July 2017 onwards, you may be subject to an additional 15% contributions tax on non-excessive concessional contributions.

Tax deduction for personal superannuation contributions

From 1 July 2017 all individuals up to the age of 75 may be able to claim a tax deduction for personal superannuation contributions. The requirement that you derive less than 10% of your income from employment sources has also been abolished and regardless of your employment arrangement you may be able to claim a tax deduction. Those aged between 65 to 74 will still need to meet a work test in order to be eligible to make a contribution and claim a deduction.

What does this mean for you?

A greater number of people will now be eligible to claim a tax deduction on their personal contributions. For the full eligibility criteria, please refer to Section 7 of the ING Living Super Product Guide.

Abolishment of Anti-detriment payments

From 1 July 2017, a superannuation fund will not be able to pay a refund of a member's lifetime superannuation contributions tax payments into a deceased estate, and likewise the super fund will not be able to claim a tax deduction for this payment.

What does this mean for you?

The government has removed the ability for anti-detriment payments to be deductible for deaths arising on or after 1 July 2017 or payments from 1 July 2019 for deaths arising prior to 1 July 2017.

Removal of election to treat income stream payments as lump sums

From 1 July 2017, individuals will not be able to treat certain superannuation income stream payments as lump sums for tax purposes (which are currently tax free up to the low rate cap of \$200,000) for the 2017/2018 financial year.

What does this mean for you?

If you receive pension payments you will no longer be able to treat these as lump sums for tax purposes.

Carry forward of unused concessional contributions

From 1 July 2018, you may be able to carry forward unused concessional contributions cap on a rolling basis for 5 years (conditions apply). Amounts carried forward that have not been used after 5 years will expire.

What does this mean for you?

If you are eligible to make concessional contributions and have not exceeded the cap you may be eligible to make contributions in excess of the annual concessional cap.

Finally

Online annual report

ING makes this annual report available online at ing.com.au.

You can request a printed copy by calling 133 464.

Indemnity insurance

The Trustee has taken out indemnity insurance.

Temporary residents

The Australian Government requires temporary residents' unclaimed super be paid to the ATO after at least 6 months have passed since the later of:

- The date a temporary resident's visa ceased to be in effect; and
- The date a temporary resident permanently left Australia.

Once your benefit has been transferred to the ATO you need to claim it directly from the ATO. We will not notify you or provide you with an exit statement if your benefit has been transferred to the ATO. The Trustee relies on the relief provided by ASIC that it is not obliged to meet certain disclosure requirements in relation to non-residents who benefits have been transferred as a result of the payment of unclaimed superannuation to the ATO. If your benefit has not yet been transferred to the ATO, you may be able to claim it as a Departing Australia Superannuation Payment (DASP). Full information regarding DASP procedures and current taxation rates can be found at ato.gov.au.

Privacy Statement

The ING DIRECT Superannuation Fund Privacy Policy details how we treat your personal information. The following provides an overview of the key aspects of the ING DIRECT Superannuation Fund Privacy Policy. For the purposes of the ING DIRECT Superannuation Fund Privacy Policy the terms 'we', 'us' or 'our' refer to the ING Superannuation Fund (Fund) and/or ING in its capacity as promoter of the Fund (ING).

Collection of your personal information

Ordinarily, we'll collect most personal information about you directly from you. For instance, your personal information will be collected when you complete an application form or provide other forms of instructions relating to your account in the Fund, when you apply for insurance or submit an insurance claim or in response to a request for additional information. Occasionally we may need to obtain personal information about you from a third party, but only if you've consented to us collecting the information in this way or you would reasonably expect us to collect the information about you in this way.

Use and disclosure of your personal information

We'll collect personal information to provide you with information about a financial product or service; to assess your application and eligibility for financial products or services including in relation to the Fund; to establish

and manage your account in the Fund; to administer our relationship with you; and to communicate with you about us and the products and services we offer, and then only when it's necessary for, or related to, these purposes. We'll also need to collect personal information necessary to comply with our legal and regulatory obligations. If you don't provide the personal information that we request, we will generally not be able to provide you with products or services in relation to the Fund. It may be necessary for us to disclose your personal information

to certain ING Group entities or third parties in order to assist us in providing, managing and administering your account in the Fund or for other related purposes.

These include:

- the administrator of the Fund undertaking the administration and day-to-day operation of the Fund; including establishing and maintaining member records, processing contributions, rollovers and benefits, and providing regular statements;
- the custodian of the Fund providing custody services;
- the insurer responsible for providing insurance cover and assessing insurance claims to members of the Fund;
- the broker or share trader responsible for buying and selling of listed securities;
- the provider of financial tools and calculators on the designated Fund website;
- the ATO as required by law, to administer your account in the Fund, to conduct searches on the ATO's Lost Member Register and to facilitate the consolidation of your superannuation with your consent;
- Government authorities as required or desirable in administering and conducting the business of the Fund, including in complying with relevant regulatory or legal requirements;
- the trustee of another fund where you request that your superannuation be transferred from another superannuation fund into your interest in the Fund or where you request that your superannuation be transferred into another superannuation fund;
- organisations providing financial planning services with which we have entered into an agreement for them to provide financial planning advice services to members of the Fund;

Finally

(Continued)

- your financial adviser, your power of attorney, or your appointed representative;
- entities in the ING Group or Trust Company Group in order to service the Fund or other products you may have within these Groups;
- ING Group entities located overseas for administration and security purposes;
- any third party product and service supplier that we have an arrangement with (so that either us or they may provide you with the product or service you have requested or in which you have expressed an interest);
- organisations who perform services or functions on our behalf;
- organisations undertaking reviews of the accuracy and completeness of our information;
- organisations undertaking identity verification services to verify information about you including your identity; and
- doctors, medical services or other organisations providing services in the collection, collation or assessment of personal information (including health information) for the purpose of assessing your claim.

Any example used above to indicate when we might disclose personal information may not be limited to those examples (or examples of a similar kind). Personal information will only be disclosed to third parties other than those listed above if you have consented; if you would reasonably expect us to disclose information of that kind to those third parties; if we are authorised or required to do so by law; or it is necessary to assist with law enforcement.

We may have to send personal information overseas for example, if required to complete a transaction or where we outsource a function to an overseas contractor. Your personal information may be accessed by staff in ING Group entities in

Singapore and the Netherlands if necessary to administer our relationship with you, for transactional reasons or to comply with regulatory requirements applying to us or the ING Group.

Marketing

We, or other ING Group entities, may provide you with further information about ING Group products and services unless you tell us not to. If you have provided an email address to us, we may contact you using that email address, including to provide you with information about us and the products and services that we and the ING Group offer. You may elect not to receive further information about us or our products and services by contacting us online, calling or writing to us.

Access to your personal information

You may request access to limited amounts of personal information that we hold about you that are readily available – such as your account balance or personal details - by calling us on 133 464. For a more detailed request for access to information that we hold about you, you will need to write to the ING Privacy Officer at GPO Box 4307, Sydney NSW 2001. Please note that requests for access to your personal information may only be made by you or by another person who you have authorised to make a request on your behalf, such as a legal guardian or an authorised agent. We will require you to verify your identity, or the identity of your representative, to our reasonable satisfaction. Depending on the nature and/or volume of the information that you request, an access charge may apply, but not to your request for access itself.

Updating your personal information

We take reasonable steps to ensure that your personal information is accurate, up-to-date, complete, relevant and not misleading. For instance, we may ask you to confirm

some of your details when you contact us. However, please contact us if you learn that any your personal information that we hold is incorrect, has changed or requires updating.

Privacy Complaints

We are committed to resolving your privacy complaint as quickly as possible and have procedures in place to help resolve any problems or complaints efficiently. For more information on how to make a complaint, see the complete ING Superannuation Fund Privacy Policy under 'What to do if you have a privacy complaint'.

How to contact us

If you have any further questions about privacy in relation to the ING Superannuation Fund please contact us by:

- calling 133 464;
- emailing customer.service@ing.com.au;
- writing to:

ING Privacy Officer
GPO Box 4307
Sydney NSW 2001

Our privacy statement may be updated from time to time as we strive to improve the standard of service we provide to you.

Further information

A copy of the Privacy Policy is available at ing.com.au. The Privacy Policy contains further details about our handling of personal information, including how you may access and update your personal information and how we deal with your concerns.

Surcharge Payments

ATO surcharge payments (if any) are deducted from member accounts.

Finally

(Continued)

Administration Fee – ORFR

Super funds are required by APRA to hold capital reserves to cover the risk of loss to members from an operational risk. This is known as the Operational Risk Financial Requirement (ORFR).

The aim of this is to ensure that trustees have access to resources to compensate members for any operational incident that may adversely impact their benefits.

The Trustee previously funded this reserve on behalf of customers, however from 1 June 2017 an ORFR fee estimated to be between 0.03 – 0.14% p.a. will now apply to all customers to fund this and any associated administration costs on an ongoing basis.

The balance of this fund as at 30th June 2017 was **\$177,528.43**. The first Administration Fee – ORFR fund was collected at the end of June 2017.

The funds in the ORFR are currently held in deposits with ING Bank (Australia) Limited. We reserve the right to change this and/or the investment strategy of the ORFR at any time.

Details of the ORFR Reserve and its balances over the last 3 years are listed below:

Date	Balance of ORFR Reserve
30 June 2015	\$0.00
30 June 2016	\$0.00
30 June 2017	\$177,528.43

Eligible Rollover Fund

We may transfer your Super account or benefit to an Eligible Rollover Fund (ERF) where:

- we cannot get in touch with you; or
- you do not respond to our requests to transfer your super account or benefit to another super fund; or
- you have an account balance that's less than \$100; or
- any other reason determined by the Trustee.

The ERF that we have selected is the Australia's Unclaimed Super Fund (AUSfund). Its postal address is:

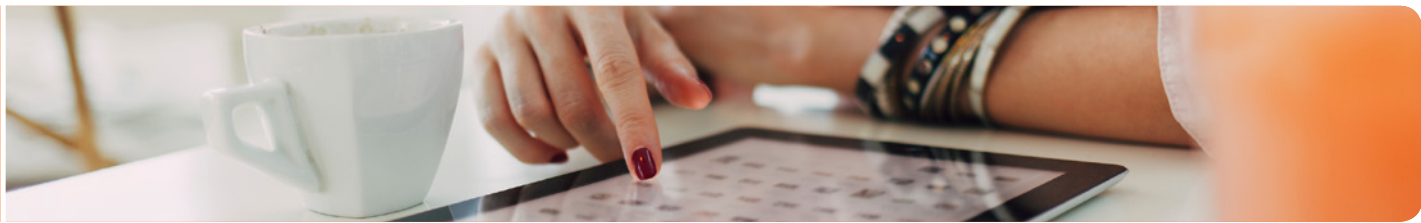
PO Box 2468
Kent Town SA 5071

If you would like further information on AUSfund, please contact them on 1300 361 798 or email admin@ausfund.net.au. Transferring your super account to an ERF will have the following effect on your benefit:

- you will no longer have an account in ING Living Super;
- you will become a member of the ERF and your benefits will be invested according to the investment strategy of the ERF;
- you will have no insurance cover in ING Living Super and the ERF does not provide any insurance cover; and
- the ERF will charge you different fees and charges to that of ING Living Super.



Contact us



At ING Living Super we will try our best to answer your enquiries over the phone in a prompt manner.

Please call a Customer Care Specialist on:

133 464 between 8am – 8pm, Monday to Friday and 9am – 5pm Saturday (AEST/AEDT).

If it cannot be dealt with over the phone, you can send us a message via Online Banking by selecting My Messages or write to:

ING
GPO Box 4307
Sydney NSW 2001

Making a complaint

At ING Living Super we will try our best to resolve your issues over the phone in a prompt manner.

Please call:

133 464 between 8am – 8pm, Monday to Friday and 9am – 5pm Saturday (AEST/AEDT) and let us know if you have an issue.

If it cannot be dealt with over the phone, you can send us a message via Online Banking and selecting My Messages or write to:

Complaints Officer
ING
GPO Box 4307
Sydney NSW 2001

If we do not respond or you are not happy with our response you are then able to take your complaint to the Superannuation Complaints Tribunal by:

Phoning 1300 884 114 (cost of a local call); or
Writing to Locked Bag 3060, Melbourne Victoria 3001

The SCT deals with complaints, including those relating to decisions and conduct of trustees in relation to superannuation funds. The SCT does not however, hold an unlimited jurisdiction to deal with all superannuation related matters.

Living Super partners



Trustee

Diversa Trustees Limited ABN 49 006 421 638, AFSL 235153, RSE L0000635, is the Trustee of the ING Superannuation Fund ABN 13 355 603 448 (Fund). ING Living Super is a product issued out of the Fund.

Promoter

ING is a division of ING Bank (Australia) Limited ABN 24 000 893 292, AFSL 229823, ING is the Promoter of ING Living Super.

Insurer

The insurance cover offered by ING Living Super is provided by MetLife Insurance Limited ABN 75 004 274 882, AFSL No. 238096.

Investment managers

ING Bank (Australia) Limited ABN 24 000 893 292 AFSL 229823, ACL 229823 is the investment manager of the managed investment options, Cash Hub and Term Deposits. State Street Global Advisors, Australia, Limited ABN 42 003 914 225, AFSL 238276 has been appointed by the investment manager as the sub-investment manager of the assets of the managed investments other than the cash assets.

Share broker

The share broker for ING Living Super is Australian Investment Exchange Limited ABN 71 076 515 930, AFSL 241400 a Participant of the ASX Group and Chi-X Australia, trading as AUSIEX.

Custodian

The custody of the managed investment assets within ING Living Super and unit pricing are provided by State Street Australia Limited ABN 21 002 965 200, AFSL 241419.

Administrator

The administration of the accounts within ING Living Super is provided by Financial Synergy Pty Ltd ABN 27 005 484 391.