

**ING MASTERFUND**  
**ANNUAL FINANCIAL REPORT**  
**30 JUNE 2009**

**ING MASTERFUND  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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**ING MASTERFUND  
STATEMENT OF NET ASSETS  
AS AT 30 JUNE 2009**

	Note	2009 \$millions	2008 \$millions
<b>Assets</b>			
<b>Receivables</b>			
Contributions receivable		34	71
Fee rebates receivable		16	16
		<u>50</u>	<u>87</u>
<b>Investments</b>			
Life insurance policies	11 (c)	21,850	24,084
		<u>21,850</u>	<u>24,084</u>
<b>Total assets</b>		<u>21,900</u>	<u>24,171</u>
<b>Less:</b>			
<b>Liabilities</b>			
<b>Payables</b>			
Benefits payable		7	22
Administration fees payable	11 (a)	26	23
Insurance premiums payable		3	2
		<u>36</u>	<u>47</u>
<b>Tax liabilities</b>			
Current tax liability	6	224	224
<b>Total liabilities</b>		<u>260</u>	<u>271</u>
<b>Net assets available to pay benefits</b>		<u>21,640</u>	<u>23,900</u>

The statement of net assets is to be read in conjunction with the notes to the financial statements set out on pages 3 to 12.

**ING MASTERFUND  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$millions	2008 \$millions
Net assets available to pay benefits at the beginning of the financial year		23,900	24,648
<b>Revenue</b>			
<b>Investment revenue</b>			
Movements in net market value of investments	4	(3,086)	(2,240)
		(3,086)	(2,240)
<b>Contributions</b>			
Employers		1,539	1,547
Members		649	1,237
Transfers from other funds		1,791	3,221
Other contributions		27	34
		4,006	6,039
<b>Other revenue</b>			
Fee rebates		55	68
Proceeds from insurance claims		62	66
Other		3	4
		120	138
<b>Total revenue</b>		1,040	3,937
<b>Benefits expense</b>		2,809	4,218
<b>Other expenses</b>			
Administration fees		78	78
Adviser service fees		27	26
Insurance premiums		142	117
Superannuation Contributions (Surcharge) Tax		-	2
		247	223
<b>Total expenses</b>		3,056	4,441
<b>Net change for the year before income tax</b>		(2,016)	(504)
<b>Income tax expense</b>	5	244	244
<b>Net change for the year after income tax</b>		(2,260)	(748)
Net assets available to pay benefits at the end of the financial year		21,640	23,900

The statement of changes in net assets is to be read in conjunction with the notes to the financial statements set out on pages 3 to 12.

**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1 Reporting entity**

ING MasterFund ("The Fund") is a defined contribution and defined benefit fund domiciled in Australia. The address of the Fund's registered office is 347 Kent Street, Sydney. The Fund is constituted by a Trust Deed dated 1 September 1992, as amended to provide superannuation benefits for its members. The trustee of the Fund is ING Custodians Pty Limited (ABN 12 008 508 496) ("ING Custodians" or "Trustee").

Australian Accounting Standards require this financial report to aggregate the assets and liabilities of each sub fund that exist within the Fund. The Statement of Net Assets and Statement of Change in Net Assets do not represent the position of an individual sub fund.

The funding arrangements of sub funds with defined benefits are disclosed in note 7(b).

**2 Basis of preparation**

**(a) Statement of compliance**

The annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AAS 25 Financial Reporting by Superannuation Plans, as amended by AASB 2005-13 (December 2005), other applicable Accounting Standards, the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the Australian Accounting Standards Board. The annual financial report of the Fund does not comply with IFRS, due to the requirements of AAS 25.

The financial statements were approved by the Board of Directors of the Trustee on 7 October 2009.

**(b) Functional and presentation currency**

The financial statements are presented in Australian dollars, which is the functional currency of the Fund. Amounts have been rounded to the nearest million dollars except where otherwise noted.

**(c) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

The Fund has elected to early adopt the following accounting standards and amendments:

- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting and is applicable for annual reporting periods beginning on or after 1 January 2009. As a result of early adoption the Trust is not required to prepare a segment note for the current period as it does not have any debt or equity instruments traded in the public market and does not file its financial statements with a regulatory organisation for the purpose of issuing any instruments in a public market.

**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**3 Significant accounting policies (continued)**

**(a) Investments**

Investments are included in the statement of net assets at net market value as at reporting date and movements in net market value of investments are recognised in the statement of changes in net assets in the years in which they occur.

The Fund recognises financial assets on the date it becomes a party to the contractual provisions of the assets. Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in net market value are recorded.

Estimated costs of disposal are deducted in the determination of net market value. As disposal costs are generally immaterial, unless otherwise stated net market value approximates fair value.

*Life insurance policies*

Life insurance policy valuation is based on closing fund units in various investment options and redemption prices of these investment options at reporting date. This valuation approximates the surrender value of the policies at reporting date.

**(b) Benefits payable**

Benefits payable represents redemption requests received prior to and on the reporting date which have not been settled by the reporting date.

**(c) Revenue and expense recognition**

*Movements in net market value of investments*

Movements in net market value of investments are recognised as income and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the year).

*Contributions*

Contributions are recognised when the control and the benefits from the revenue have transferred to the Fund and are recognised gross of any taxes. Contributions received prior to the reporting date and which have been allocated to members after the reporting date, are reflected in the statement of net assets as contributions receivable.

*Fees, expenses and rebates*

Fees, expenses and rebates are recognised on an accrual basis and if not paid or received at reporting date, are reflected in the statement of net assets as a payable or receivable.

**(d) Income Tax**

Income tax on the benefits accrued as a result of operations for the year comprises current and deferred tax. Income tax is recognised in the statement of changes in net assets.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**3 Significant accounting policies (continued)**

**(d) Income Tax (continued)**

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income.

**(e) Superannuation Contributions (Surcharge) Tax**

The Trustee recognises amounts paid or payable in respect of the surcharge tax as an expense of the Fund.

The expense (and any corresponding liability) is brought to account in the year in which the assessments are received by the Trustee and are properly payable to the Fund.

No estimate has been made for the balance of any tax payable in respect of surchargeable contributions received by the Fund as the Trustee is unable to determine this amount until receipt of assessments.

Surcharge tax was abolished from 1 July 2005 by the passing of the Superannuation Laws Amendment (Abolition of Surcharge) Act 2005. The last reporting of contributions for surcharge purposes will be in respect of contributions made up to and including 30 June 2005.

**(f) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). In circumstances where the GST is not recoverable, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of net assets.

**(g) Issued standards not early adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the fund in the year of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report.

- AASB 101 *Presentation of Financial Statements* (Revised, September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (September 2007);

- Revised AASB 101 *Presentation of Financial Statements* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. The revised AASB 101 will become mandatory for the Fund's 30 June 2010 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosures, however it is expected to be minimal due to requirements of AAS25 *Financial Reporting by Superannuation Funds*.

**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**3 Significant accounting policies (continued)**

**(g) Issued standards not early adopted (continued)**

- AASB 2009-2 Amendments to Australian Accounting Standards - *Improving Disclosures about Financial Instruments* (AASB 4, AASB 7, AASB 1023 and AASB 1038) requires disclosures of financial instruments measured at fair value to be based on a three-level fair value hierarchy that reflects the significance of the inputs in such fair value measurements as well as requiring additional qualitative and quantitative disclosures of liquidity risk. AASB 2009-2 will become mandatory for the Fund's 30 June 2010 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosures.

**4 Movements in net market value of investments**

	<b>2009</b>	<b>2008</b>
	<b>\$millions</b>	<b>\$millions</b>
Investments unrealised at the end of the financial year	(2,734)	(1,906)
Investments realised during the financial year	(352)	(334)
	<u>(3,086)</u>	<u>(2,240)</u>

**5 Income tax expense**

	<b>2009</b>	<b>2008</b>
	<b>\$millions</b>	<b>\$millions</b>
<b>Current tax expense</b>		
Current year	239	244
Under provision for income tax in prior years	5	-
	<u>244</u>	<u>244</u>
<b>Deferred tax expense</b>		
Movement in temporary differences	-	-
Total income tax expense	<u>244</u>	<u>244</u>

**Numerical reconciliation between tax expense and net change for the year before income tax**

Net change for the year after income tax	(2,260)	(748)
Total income tax expense	244	244
Net change for the year before income tax	<u>(2,016)</u>	<u>(504)</u>
Tax at the complying superannuation fund tax rate of 15% (2008: 15%)	(302)	(76)
Increase / (decrease) in tax expense due to:		
Movements in net market value of investments	463	336
Non-assessable contributions	(342)	(645)
Proceeds from insurance claims	(9)	(10)
Fee rebates	(8)	(10)
Other revenue	-	(1)
Administration fees	12	12
Adviser fees	4	4
Benefits expense	421	634
Under provision for income tax in prior years	5	-
Income tax expense	<u>244</u>	<u>244</u>



**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
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**6 Tax assets and liabilities**

The current tax liability for the Fund of \$224 million (2008: \$224 million) represents the amount of income taxes payable in respect of current and prior financial years.

Any current income tax liability of the Fund will be transferred to ING Life Limited under Section 275 of the Income Tax Assessment Act 1936, as amended.

**7 Liability for accrued benefits and funding arrangements**

For the defined contribution section of the Fund, the liability for accrued benefits represents the Fund's present obligation to pay benefits to members and beneficiaries arising from membership of the Fund up to the reporting date. It is measured as the difference between the carrying amount of the assets and the sum of the sundry liabilities and income tax liabilities as at reporting date.

For the defined benefit section of the Fund, the liability for accrued benefits is measured at least triennially by qualified actuaries and has been calculated on the basis of the present value of expected future payments arising from membership of the fund as at measurement date.

The present value of expected future benefit payments is determined by discounting the gross benefit payments at a current market-determined, risk-adjusted discount rate and relevant actuarial assumptions.

**(a) Changes in liability for accrued benefits**

	<b>2009</b>	<b>2008</b>
	<b>\$millions</b>	<b>\$millions</b>
Accrued benefits as at the end of the financial year - defined contribution section	<u>21,534</u>	<u>23,789</u>

As at 30 June 2009 the Fund held 16 defined benefit plans (2008: 16 plans). Actuarial valuations for these plans are performed triennially.

Accrued benefits for valuations performed in:

2005	-	23
2006	40	53
2007	16	11
2008	<u>50</u>	<u>21</u>
	<u>106</u>	<u>108</u>

**(b) Funding arrangements**

For the defined contribution section of the Fund, the employers have contributed to the Fund during the current financial year at a rate of approximately 9% (2008: 9%) of the gross salaries of those employees who were members of the Fund. Members contributed to the Fund during the 2009 financial year at varying rates based upon their personal decisions.

For the defined benefit section of the Fund, the participating employer sponsor companies contributed the required minimum contributions specified by the actuaries and as set out in the Funding and Solvency Certificates with the exception of the employer of one of the plans in the Fund which went into receivership during the financial year and additional contributions as recommended by the actuary have not been paid.

As at 30 June 2009, in addition to the plan in receivership mentioned above and another where the Trustee has recently requested the actuary to examine funding arrangements, there were 5 sub plans that were in an unsatisfactory financial position. The relevant plan actuary has recommended detailed action plans over a three year time period to restore the solvency position of these sub plans. All these action plans are being implemented and the Trustee has the appropriate monitoring in place to ensure all these recommendations are being followed. The Trustee also report to APRA, as the regulator, on a monthly basis. APRA has indicated that they are satisfied with the current procedures put in place by the Trustee to both restore and monitor the solvency of defined benefit plans.

ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
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**8 Vested Benefits**

Vested benefits at the end of the financial year	<u>21,444</u>	<u>23,538</u>
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Vested benefits represent the members' rights to benefits which, under the terms of a superannuation fund, are not conditional upon continued plan membership or any factor other than resignation from the fund.

**9 Guaranteed Benefits**

No guarantees have been made in respect of any part of the liability for accrued benefits.

**10 Additional financial instruments disclosure**

The Fund's assets consist of life insurance policies in ING Life Limited. The Trustee has determined that this type of investment is appropriate for the Fund.

The Fund's investments in life insurance policies backed by financial instruments, indirectly exposes it to market risk, credit risk and liquidity risk. The risk disclosures have been prepared on the basis of the Fund's direct investments and not on a 'look-through' basis for investments held indirectly through life insurance policies. These financial risks are monitored and controlled by ING Life Limited.

ING Life Limited manages its risks in line with its Risk Management Statement approved by its Board of Directors. Various procedures are put in place to control and mitigate the risks. ING Life Limited's exposure to all financial risks is monitored and this exposure is regularly reported to the Board of Directors.

Financial risks are generally monitored and controlled by ING Life Limited by selecting appropriate assets to back liabilities. These assets are regularly monitored by ING Life Limited's Investment Governance Committee to ensure that there is no material asset and liability mismatching issues and other risks such as liquidity risk and credit risk are maintained within acceptable limits.

**(a) Market risk**

Market risk is the risk that the fair value or future cash flows of the financial instruments backing life insurance policies will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The objective of market risk is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

All the Fund's investments are all denominated in Australian currency but may have indirect exposures to foreign currencies through the assets supporting the life insurance policies.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not directly exposed to interest rate risk due to its investments in life policies in ING Life Limited.

*Price risk*

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Fund is indirectly exposed to price risk due to its investments in life policies in ING Life Limited.

ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
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10 Additional financial instruments disclosure (continued)

(a) Market risk (continued)

*Price risk (continued)*

The increase/decrease in the market price against the investments of the Fund at 30 June would have increased/(decreased) the benefits accrued as a result of operations and net assets available to pay benefits (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates remain constant. The analysis is performed on the same basis for 2008.

			Benefits accrued as a result of operations		Net assets available to pay benefits	
	%	Carrying Amount \$millions	Decrease before tax \$millions	Increase before tax \$millions	Decrease before tax \$millions	Increase before tax \$millions
<b>2009</b>						
Life insurance policies	8	21,850	(1,748)	1,748	(1,748)	1,748
<b>2008</b>						
Life insurance policies	8	24,084	(1,927)	1,927	(1,927)	1,927

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

ING Life Limited's credit risk management is supported by dedicated credit risk information systems and internal rating methodologies for debtors and counterparties. Part of this is that ING Life Limited has a policy of maintaining a high quality investment grade portfolio.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No collateral is held as security nor are other credit enhancements in place for all financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial assets exposed to credit risk amounted to the following:

	2009 \$millions	2008 \$millions
Life insurance policies	21,850	24,084

(c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. This risk is controlled through the Fund's investment in life insurance policies, which under normal market conditions are readily convertible to cash. In addition, ING Life Limited maintains sufficient cash and cash equivalents to meet normal operating requirements.

Daily monitoring of cash flow and liquidity levels has been introduced to highlight any investments with high liquidity and cash flow risk so that appropriate and timely action can be taken to ensure members' interests are protected.

**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**10 Additional financial instruments disclosure (continued)**

**(c) Liquidity risk (continued)**

As at 30 June 2009, 5% (2008: nil) of the Fund's investments in life insurance policies in ING Life Limited invested in funds that have been temporarily suspended as a result of the current financial conditions. Details of the suspended investment options of the fund are as follows:

AMP Capital Enhanced Yield - Super  
 AXA Australian Property - Super  
 Challenger Howard Mortgages - Super  
 ING Income Plus - Super  
 ANZ New Income Plus - Super  
 ANZ OA ING Protected Growth Fund - Super  
 ANZ New Mortgages - Super  
 ING Protected Growth - Super  
 AMP Capital Enhanced Yield - Pension  
 AXA Australian Property - Pension  
 Challenger Howard Mortgages - Pension  
 Annuity Mortgage Fund - Pension  
 ING Income Plus Pension - Pension  
 ANZ New Income Plus - Pension  
 ANZ New Mortgages - Pension  
 ANZ OA ING Protected Growth Fund - Pension  
 ING Protected Growth - Pension  
 ING Mortgages  
 ING Protected Growth

The following are the contractual maturities of financial liabilities.

	Carrying amount \$millions	Less than 1 month \$millions
<b>2009</b>		
Benefits payable	7	7
Other payables	29	29
Vested benefits	21,444	21,444
	<u>21,480</u>	<u>21,480</u>
<b>2008</b>		
Benefits payable	22	22
Other payables	25	25
Vested benefits	23,538	23,538
	<u>23,585</u>	<u>23,585</u>

Vested benefits have been included in the less than one month, as this is the amount that members could call upon as at year-end. This is the earliest date on which the fund can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**11 Related parties**

**(a) Trustee**

The Trustee of the Fund is ING Custodians Pty Limited (ABN 12 008 508 496). ING Custodians is a wholly owned controlled entity of ING Australia Limited (ABN 60 000 000 779). The Fund pays administration fees to the Trustee.

	<b>2009</b>	<b>2008</b>
	\$	\$
Administration fees	77,556,398	75,293,148
Administration fees payable	25,428,971	22,535,405

**(b) Directors and key management personnel**

The names of the directors of the Trustee who held office at any time during the year ended 30 June 2009 are:

David John Kan  
Manfred Antony Shale Bertram  
Graham Meyer  
Phillip Robert Shirriff  
Ross Alexander Bowden

There have been no payments made to or contributions made on behalf of directors by the Fund or any other related party. The directors of the Trustee are considered to be the only key management personnel of the Fund. The directors have not received any remuneration in relation to the Fund.

**(c) Cash assets, receivables and investments**

	<b>Net Market Value 2009</b>	<b>Net Market Value 2008</b>
	\$	\$
Life insurance policies - ING Life Limited (ABN 33 009 657 176)	21,849,543,661	24,084,251,577
Movements in net market value of life insurance policies - ING Life Limited	3,086,117,672	2,239,800,201

ING Life Limited is a related entity of ING Custodians.

**(d) Fee rebates**

Fee rebates have been received from ING Life Limited and disclosed as such in the statement of changes in net assets. Fee rebates receivable at the reporting date have been disclosed as such in the statement of net assets.

**(e) Other transactions**

Insurance premiums \$141,283,610 (2008: \$117,113,359) and proceeds \$61,705,125 (2008: \$66,318,763) from insurance claims disclosed in the statement of changes in net assets were paid to and received from ING Life Limited.

Insurance premiums payable disclosed in the statement of net assets is payable to ING Life Limited.

**ING MASTERFUND  
NOTES TO THE FINANCIAL STATEMENTS  
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**12 Auditors' remuneration**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Audit Services</b>		
Audit of financial statements	70,000	70,000
Other regulatory audit services:		
Audit of annual APRA return	8,000	8,000
Audit of risk management strategy and plan	11,500	11,500
	<u>89,500</u>	<u>89,500</u>

Auditor of the Fund: KPMG

The auditors' remuneration is borne by the Trustee.

**13 Events subsequent to reporting date**

There have been no events subsequent to reporting date which have a material effect on these financial statements.

**14 Contingent liabilities**

There are no contingent liabilities at 30 June 2009 (2008: Nil) that have a material effect on these financial statements.

**TRUSTEE'S DECLARATION TO THE MEMBERS OF  
ING MASTERFUND**

In the opinion of the Trustee of ING MasterFund ("Fund"):

- (i) The accompanying financial statements, as set out on pages 1 to 12 are drawn up so as to present fairly the financial position of the Fund as at 30 June 2009 and the results of its operations for the year then ended;
- (ii) The operations of ING MasterFund have been carried out in accordance with the Trust Deed dated 1 September 1992, as amended and in compliance with:
  - the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
  - applicable sections of the Corporations Act 2001 and Regulations;
  - the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001; and
  - the Guidelines issued by the Australian Prudential Regulation Authority on Derivative Risk Statements for Superannuation Entities Investing in Derivatives, during the year ended 30 June 2009; and
- (iii) The financial statements have been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements and the provisions of the Trust Deed dated 1 September 1992, as amended.

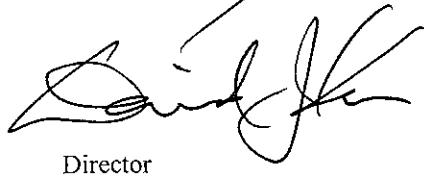
Dated at Sydney this 7th day of October 2009.

Signed in accordance with a resolution of the directors of the Trustee:

ING Custodians Pty Limited (ABN 12 008 508 496) as Trustee for ING MasterFund.



Director



Director

**TRUSTEE'S DECLARATION TO THE MEMBERS OF  
ING MASTERFUND**


In the opinion of the Trustee of ING MasterFund ("Fund"):

- (i) The accompanying financial statements, as set out on pages 1 to 12 are drawn up so as to present fairly the financial position of the Fund as at 30 June 2009 and the results of its operations for the year then ended;
- (ii) The operations of ING MasterFund have been carried out in accordance with the Trust Deed dated 1 September 1992, as amended and in compliance with:
  - the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
  - applicable sections of the Corporations Act 2001 and Regulations;
  - the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001; and
  - the Guidelines issued by the Australian Prudential Regulation Authority on Derivative Risk Statements for Superannuation Entities Investing in Derivatives, during the year ended 30 June 2009; and
- (iii) The financial statements have been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements and the provisions of the Trust Deed dated 1 September 1992, as amended.


Dated at Sydney this 7th day of October 2009.

Signed in accordance with a resolution of the directors of the Trustee:

ING Custodians Pty Limited (ABN 12 008 508 496) as Trustee for ING MasterFund.



Director



Director





## ING Masterfund ABN 53 789 980 697

### Independent report by approved auditor to the trustee and members

#### A Financial statements

I have audited the financial statements of ING Masterfund (the Fund) for the year ended 30 June 2009, comprising the statement of net assets, statement of changes in net assets and accompanying notes 1 to 14, as set out on pages 3 to 12 attached.

#### *Trustee's responsibility for the financial statements*

The Fund's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the SIS Act and the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations). The trustee's responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of ING Masterfund.

My audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Auditor's Opinion*

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the net assets of ING Masterfund as at 30 June 2009 and the changes in net assets for the year ended 30 June 2009.

## B Compliance

### *Trustee's responsibility for compliance*

The Fund's trustee is responsible for complying with the requirements of the SIS Act, SIS Regulations, the Reporting Standards made under s. 13 of the *Financial Sector (Collection of Data) Act 2001* (FSCODA Reporting Standards), the *Corporations Act 2001* (Corporations Act) and *Corporation Regulations 2001* (Corporation Regulations).

### *Auditor's Responsibility*

My responsibility is to express an opinion on the trustee's compliance with the requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporation Regulations based on the audit. My audit has been conducted in accordance with applicable Standards on Assurance Engagements. These Standards require that I comply with fundamental ethical requirements and plan and perform the audit to obtain reasonable assurance whether the trustee of the ING Masterfund has, in all material respects:

- a) complied with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and SIS Regulations:  
  
sections 19(2), 19(3), 35A, 35C, 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 117, 118, 122, 124, 125, 126k, 152, 154;  
  
regulations, 2.33(2), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and
- b) complied with the FSCODA Reporting Standards that are subject to audit (to the extent applicable); and
- c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporation Regulations (to the extent applicable):  
  
sections 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9); and  
  
regulation 7.9.32(3); and
- d) complied with the requirement to prepare the respective forms comprising the APRA Annual Return; and
- e) complied with the requirements of Section 155(2) of the SIS Act in that the trustee has appropriate processes in place to identify and resolve s.155 cases, and had adhered to those processes in determining issue and redemption prices.

for the year ended 30 June 2009.



My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations apart from those specified. The Fund's trustee is responsible for complying with the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Basis for Qualified Auditor's Opinion*

Section 1017D(1) of the Corporations Act prescribes that the issuer of the product must issue periodic statements which comply with specific content requirements.

The withdrawal benefit on member statements has been understated for certain members with interests in capital stable investment options within the ING Masterfund for the year ended 30 June 2009. The withdrawal benefits are understated for impacted members as they do not reflect product guarantees that affect the withdrawal value. The Trustee's investigation of the administration and process issues that have caused these member statement errors is ongoing. APRA was initially advised of this matter on 18 August 2009 and continues to be updated by the Trustee on a regular basis. The Trustee informed APRA that they will compensate all adversely affected members.

*Qualified Auditor's Opinion*

In my opinion, except for the matter set out in the basis for qualified auditor's opinion paragraph above, the trustee of ING Masterfund has complied, in all material respects, with the requirements of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations for the year ended 30 June 2009.

KPMG

David Kells  
*Partner*

Sydney

7 October 2009