



**REPORT TO THE UNITHOLDERS  
FOR THE PERIOD ENDING DECEMBER 31, 2008**

Dear Unitholder:

ING Direct Asset Management Limited (“ING DAML”) established an independent review committee (the “IRC”) on December 18, 2007 to provide it with advice regarding certain conflicts of interest that may arise in the management of the ING DIRECT Streetwise Funds (the “Funds”). The IRC was established in accordance with *National Instrument 81-107, Independent Review Committee for Investment Funds* (“NI 81-107”).

Securities regulators have given the IRC a mandate to review mutual fund conflict of interest matters identified and referred to the IRC by ING DAML and to give its approval or recommendation, depending on the nature of the conflict of interest matter. The IRC’s focus is on the question of whether the manager’s proposed action achieves a fair and reasonable result for the mutual fund.

At least annually, the IRC is required to review and assess the adequacy and effectiveness of ING DAML’s policies and procedures relating to conflict of interest matters in respect of the Funds, and conduct a self-assessment of the IRC’s independence, effectiveness and compensation and to report on those matters to ING DAML. The IRC is also required to prepare an annual report to unitholders of the Funds.

We are pleased to submit our first annual report to unitholders. All information contained in this report relates to the period from December 18, 2007 to December 31, 2008.

The IRC looks forward to continuing to serve in the best interest of the Funds and working effectively with management of the Funds.

A unitholder in any of the Funds may request a copy of this report free of charge by emailing [funds@ingdirect.ca](mailto:funds@ingdirect.ca) or by visiting [www.ingdirect.ca](http://www.ingdirect.ca).

**C. Ian Ross**  
**Chair of the Independent Review Committee**

### Members of the IRC

Name	Occupation	Length of Service on the IRC
C. Ian Ross (Chair)	Corporate Director	1 year
Jane Davis	Corporate Director	1 year
Stephen Griggs	Executive Director, Canadian Coalition for Good Governance, Chairman, Investeco Capital Corp.	1 year

Jane Davis currently serves on the Independent Review Committees of O'Leary Group of Funds and USC Education Savings Plan.

Stephen Griggs is currently the Chair of the Independent Review Committee of the IA Clarington Funds.

### Ownership of Securities by the IRC Members

None of the members of the IRC hold any class or series of voting or equity securities of:

- i) One of the Funds;
- ii) ING DAML; or
- iii) in any person or company that provides services to a Fund or ING DAML.

### Compensation and Indemnities Paid to the IRC

The compensation paid to the IRC during the period ended December 31, 2008, was set by ING DAML in its capacity as manager of the Funds.

The aggregate compensation payable by the Funds to the members of the IRC for the period commencing December 18, 2007 and ending December 31, 2008, was \$46,000, payable by each of the Funds based on its pro rata share of this compensation. The compensation breakdown is as follow:

Annual Fee:	\$10,000.00
Each meeting attended:	\$ 1,000.00
Chairman, additional fee for each meeting attended:	\$ 1,000.00

At least annually, the IRC will review its compensation in a manner consistent with good governance practices, giving consideration to, among other factors the IRC considers important, the following factors:

- the best interest of the Funds;
- industry best practices, including industry averages and surveys on IRC compensation;
- the number, nature and complexity of the Funds;
- the nature and extent of the workload of each member of the IRC, including the commitment of time that is expected from each member; and
- the IRC's most recent self-assessment as well as any recommendations concerning IRC compensation and expenses made by ING DAML.



No payments were made to a member of the IRC under any indemnity granted in their favour during the period ended December 31, 2008.

### **Conflict of Interest Matters Reviewed and Recommendations and Approvals Given**

The IRC is not aware of any instance in which ING DAML acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation.

The IRC is not aware of any instance in which ING DAML acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval.

### **Independent Review Committee Recommendations and Approvals**

#### **Approvals**

Standing Instructions were provided by the IRC granting approval of the following:

1. Principal Trading in Securities with Affiliates of ING DAML;
2. Investments in Securities of Issuers Related to ING DAML; and
3. Investments in Securities of Issuers Related to the sub-advisor, State Street Global Advisors, Ltd.;
- 4.

#### **Positive Recommendations**

Standing Instructions were provided by the IRC granting recommendations of the following conflict of interest matters comprising the ING DAML's Business Conflicts Policies:

1. the correction of errors in the calculation of the Funds' net asset value;
2. the allocation of Fund expenses;
3. "soft dollar" arrangements;
4. the oversight and supervision of service providers to the Funds;
5. large shareholders of the Funds;
6. short term or frequent trading of the Funds;
7. client complaints;
8. outside business activities; and
9. gifts and entertainment.

The IRC also provided a positive recommendation for the conversion from a corporate structure to a trust structure upon approval of each class of shareholders of the Funds.



Funds Covered By This Report

ING Direct Streetwise Balanced Income Class  
ING DIRECT Streetwise Balanced Class  
ING DIRECT Streetwise Balanced Growth Class