

# The Streetwise Fund™



Simplified

# PROSPECTUS

**ING DIRECT Streetwise Funds**

ING DIRECT **Streetwise Balanced Income Fund**

ING DIRECT **Streetwise Balanced Fund**

ING DIRECT **Streetwise Balanced Growth Fund**

ING  DIRECT®

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

December 11, 2009



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## INTRODUCTION

This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor in one or more of the ING DIRECT Streetwise Funds (each a “Fund” and, collectively, the “Funds”) and contains information about the Funds and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Funds.

It is important that you select the appropriate Funds in which to invest in order to properly address your personal circumstances and investment needs.

In this document, references to “ING DIRECT”, “our”, “we” or “us” refer to ING Direct Asset Management Limited. References to “you” mean the reader as a potential or actual investor in the Funds. References to the “Dealer” mean ING Direct Funds Limited, the exclusive distributor of the Funds.

This document is divided into two parts:

Part A, from pages 6 to 18, contains general information about all of the Funds.

Part B, from pages 19 to 30, contains specific information about each of the Funds in this document.

Additional information about the Funds is, or will be, available in the following documents:

- the annual information form;
- the most recently filed annual financial statements and annual management report of fund performance for the ING DIRECT Streetwise Balanced Income Class, ING DIRECT Streetwise Balanced Class and the ING DIRECT Streetwise Balanced Growth Class;
- the most recently filed annual financial statements and annual management report of fund performance for the Funds;
- any interim financial statements for the Funds filed after those annual financial statements; and
- any interim management reports of fund performance for the Funds filed after those annual management reports of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request, and at no cost, by calling toll-free at 1-866-464-8477.

These documents are available on the Fund’s Internet site at [www.streetwisefund.ca](http://www.streetwisefund.ca) or by contacting us at [funds@ingdirect.ca](mailto:funds@ingdirect.ca).

These documents and other information about the Funds are also available at [www.sedar.com](http://www.sedar.com).

## WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

### *What is a Mutual Fund?*

A mutual fund is a pool of money contributed by people with similar investment objectives and managed by a professional investment manager. Investing in a mutual fund allows investors to hold a larger variety of securities than most investors could hold individually. By investing in a mutual fund, investors often increase their ability to diversify their investment portfolios. The value of an investment in a mutual fund is primarily realized through dividends or distributions paid by the mutual fund to its investors and through redeeming securities of the mutual fund.

Each Fund is a trust established under the Declaration of Trust. Accordingly, in this document we refer to the securities issued by mutual funds generally and by the Funds in particular as "units".

### *What are the risks of investing in a mutual fund generally?*

Mutual funds own different types of investments, depending upon their investment objectives. These can include stocks, bonds, securities of other mutual funds, cash or derivatives. The value of these investments will change from day to day, reflecting the changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund's units may go up and down, and your investment may be worth more or less when you redeem it than when you purchased it.

The full amount of your investment in any of the Funds is not guaranteed. Unlike bank accounts or GICs, mutual fund units are not covered by Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, the Funds may suspend redemptions. For more information, please refer to the section entitled "Purchases, Switches and Redemptions".

### *General Investment Risks*

Mutual funds are subject to a variety of risk factors depending on their investment objectives. Set out below is a general description of the possible risks of investing in the Funds discussed in this simplified prospectus.

### *Equity Investments*

**Equity Risk** – Equity investments, such as stocks, carry several risks. A number of factors may cause the price of a stock to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where the company operates. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of the stocks it holds will reduce the value of the Fund and, therefore, the value of your investment. However, if the price of the stocks in the portfolio increases, your investment will be worth more. Equity funds generally tend to be more volatile than fixed income funds, and the value of their units can vary widely.

## **Fixed Income Investments**

**Credit Risk** – An issuer of a bond or other fixed income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. For example, the risk of default is quite low for government and high quality corporate securities. Where this risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where this risk is considered to be lower. This risk could increase or decline during the term of the fixed income investment.

Companies and governments that borrow money, and the debt securities they issue, are rated by specialized rating agencies. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value. Lower-rated debt instruments generally offer a better yield than higher-grade debt instruments, but have the potential for substantial loss.

**Interest Rate Risk** – Interest rates may rise during the term of a fixed income investment. If interest rates rise, then the value of that fixed income investment generally will fall. Conversely, if interest rates fall, the value of the investment generally will increase.

**Fixed Income Investment Risk** – Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of government securities. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of its fixed income investments will reduce the value of the Fund and, therefore, the value of your investment. However, your investment will be worth more if the value of the fixed income investments in the portfolio increases.

## **Foreign Investments**

**Foreign Investment Risk** – The value of an investment in a foreign issuer may depend on general global economic factors or specific economic and political factors relating to the country or countries in which the foreign issuer operates. The regulatory environment in some foreign countries may be less stringent than in North America, including legal and financial reporting requirements. In other words, depending on the country in which a foreign investment is made, there may be more or less information available with respect to foreign companies. Some foreign stock markets may also have lower trading volumes and have sharper price corrections than in other countries. Some or all of these factors could make a foreign investment more volatile than a North American investment.

**Foreign Currency Risk** – The net asset value and unit price of a Fund is calculated in Canadian dollars. Most foreign investments are purchased in currencies other than the Canadian dollar. As a result, the value of foreign investments will be affected by the value of the Canadian dollar relative to the value of the foreign currency. If the Canadian dollar rises in value relative to the other currency but the value of the investment otherwise remains constant, the value of the investment in Canadian dollars will have fallen. Similarly, if the value of the Canadian dollar has fallen relative to the foreign currency, the value of the Fund's investment will have increased.

## **Other Investment Risks**

**Index Risk** – Each of the Funds is an "index mutual fund". Index mutual funds are managed to track an index. Index funds do not use "active management" and therefore do not buy and sell securities based upon the portfolio advisor's market, financial, and economic analysis. They use "passive management". The most basic form of passive management is investing in the same

securities and in approximately the same proportion as the market index being tracked. As a result, the net asset value of an index fund will fluctuate in approximately the same proportion as the index.

However, because of their size and/or investment objective, index funds may not always be able to hold the same securities in the same proportion as the market index. There are two other commonly used methods to implement passive management:

- Optimization is the identification of the securities that would likely provide a return that is closest to the return of the index being tracked. Rather than holding the same securities in the same proportion, optimization allows index funds to hold a smaller amount of securities in larger proportions versus the index, while at the same time tracking the performance of the market index.
- Effective exposure is the use of securities and derivative instruments, such as futures, forward contracts, or similar instruments, instead of the actual underlying investment. The value of that instrument is based on, or derived from, the value of the market index or an underlying asset included in the index at the time the contract is bought or sold. As a result, effective exposure allows an index fund to track the performance of the market index, while not requiring it to hold the actual securities.

The net result is similar, regardless of whether a fund that is managed to track an index holds the same securities in the same proportion as the market index or uses optimization or effective exposure. In trying to track and match the return of an index, an index fund incurs certain costs in managing its portfolio of assets, including costs associated with optimization or effective exposure. In addition, trying to track and match the return of an index is affected by management and operating costs. As a result, the rate of return of an index fund may not be identical to that of the index being tracked.

There is also a risk that the securities or weighting of the securities that constitute an index that a fund tracks will change. In addition, neither the companies whose securities form part of an index, nor the inclusion or removal of a company's securities from an index, is within the control of the funds. In such a situation, a fund may experience a higher portfolio turnover rate and increased costs such as transaction and custodial costs.

Index funds may invest their assets in a company in accordance with the weighting of the company in the benchmark index, even if that weighting is greater than 10 per cent. The Funds invest their assets in accordance with their benchmark weights, which means that a Fund could potentially have greater than 10 per cent of its assets invested in the securities of a single issuer. As the index weighting of an individual company increases, any increase or decrease in its value will have a greater impact on a Fund's net asset value and total return. This may result in a Fund being more volatile than other, actively managed funds that are limited to a maximum 10 per cent holding of an individual company.

In the event that an asset needs to be fair valued, the methodology used by the Manager (i.e. the fair value pricing) and any service providers it engages may be different than the methodology used by the producer of the index in which that asset is included (i.e. generally valued using end-of-day prices).

**Derivatives Risk** – The Funds may use derivative instruments to help them achieve their investment objectives. These investments usually take the form of a contract between two parties where the value of the payments required under the contract is derived from an agreed source, such as the market price (or value) of an asset (which could be, for example, currency or stocks) or from an economic indicator (such as a stock market index or a specified interest rate). The Funds generally use three types of derivatives: options, forwards and futures. An option gives the holder the right, but not the obligation, to buy or sell a security at an agreed price within a certain time period. A call option gives the holder the right to buy; a put option gives the holder the right to sell. A forward contract is an agreement to buy or sell currencies, commodities or securities for an agreed

price at a future date or to pay an amount at a future date based on the future value of a currency, commodity or security. A future is similar to a forward contract except that the contract is traded on a securities or commodities exchange. The use of derivatives carries several risks:

- There is no guarantee that a market will exist for some derivatives, which could prevent a Fund from selling or exiting the derivatives at the appropriate time. Therefore, the Fund may be unable to realize its profits or limit its losses.
- It is possible that the other party to the derivative contract will not meet its obligations under the contract. To minimize this risk, ING DIRECT monitors all of the Funds' derivative transactions regularly to ensure that the credit rating of the contract counterparty or its guarantor will generally be at least as high as the minimum approved credit rating required under National Instrument 81-102 ("NI 81-102").
- When entering into a derivative contract, a Fund may be required to deposit funds with the contract counterparty. If the counterparty goes bankrupt, the Fund could lose these deposits.
- Securities and commodities exchanges could set daily trading limits on options and futures. This could prevent a Fund or the counterparty from carrying out its obligations under a derivative contract.

**Securities Lending, Repurchase and Reverse Repurchase Transaction Risk** – The Funds are eligible to enter into securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102. In a securities lending transaction, a Fund lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, a Fund sells its portfolio securities for cash through an authorized agent while at the same time it assumes an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, a Fund buys portfolio securities for cash while at the same time it agrees to resell the same securities for cash (usually at a higher price) at a later date. We have set out below some of the general risks associated with securities lending, repurchase and reverse repurchase transactions:

- When entering into securities lending, repurchase and reverse repurchase transactions, a Fund is subject to the credit risk that the counterparty may default under the agreement and the Fund would be forced to make a claim in order to recover its investment.
- When recovering its investment on a default, a Fund could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the Fund.

Similarly, a Fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Fund to the counterparty.

**Portfolio Manager Risk** – The Funds are dependent on their portfolio management team to select individual securities and, therefore, are subject to the risk that poor security selection will cause the Funds to underperform relative to other funds with similar investment objectives.

**Proposed Harmonized Sales Tax** – The Governments of Ontario and British Columbia have announced their intention to harmonize provincial sales tax with the federal goods and services tax (GST) effective July 1, 2010, resulting in a harmonized sales tax (HST), rather than the 5% GST, being payable in those provinces. It is possible that other provinces may do the same. Management fees and other expenses payable by a fund that are subject to GST may become subject to the new HST. Since the management expense ratio of the Funds includes taxes, if HST were to apply to management and administration fees paid by a Fund, the management expense ratio of the Fund would increase to reflect the additional taxes payable on management fees and administration fees resulting from the HST.

## ORGANIZATION AND MANAGEMENT OF THE FUNDS

<p><b>Manager, Portfolio Advisor and Trustee</b>                  ING Direct Asset Management Limited                  111 Gordon Baker Road                  Toronto, Ontario                  M2H 3R1</p>	<p>As manager, we manage or arrange for the management of the overall undertaking of the Funds, including such matters as administration services and fund accounting.                  As portfolio advisor, we are responsible for co-ordinating portfolio management and advisory services for the Funds.                  As Trustee, we are the legal owner of all of the Funds' assets and we hold all of those assets on behalf of the unitholders of the Funds.</p>
<p><b>Portfolio Subadvisor</b>                  State Street Global Advisors, Ltd.                  Toronto, Ontario</p>	<p>We have retained the Portfolio Subadvisor to be principally responsible for the investment management of the Funds.</p>
<p><b>Principal Distributor</b>                  ING Direct Funds Limited                  Toronto, Ontario</p>	<p>The principal distributor, like the manager, is a wholly owned subsidiary of ING Bank of Canada. The principal distributor has an exclusive right to sell units of the Funds to investors.</p>
<p><b>Custodian</b>                  State Street Trust Company                  Toronto, Ontario</p>	<p>The custodian has physical custody of the Funds' property.</p>
<p><b>Registrar</b>                  International Financial Data Services (Canada) Limited                  Toronto, Ontario</p>	<p>The registrar keeps track of the owners of units of each of the Funds and processes purchases, switches and redemptions.</p>
<p><b>Auditors</b>                  Ernst &amp; Young, LLP                  Toronto, Ontario</p>	<p>The auditors are responsible for auditing the annual financial statements of the Funds.</p>
<p><b>Independent Review Committee</b></p>	<p>The Independent Review Committee (the "IRC") will provide independent oversight of conflict of interest matters that may arise between ING DIRECT and the Funds. Among other things, the IRC will prepare annually a report of its activities for unitholders of the Funds, which will be available on our website at <a href="http://www.streetwisefund.ca">www.streetwisefund.ca</a> or upon request by any unitholder, at no cost, by calling 1-866-464-8477 or e-mailing to <a href="mailto:funds@ingdirect.ca">funds@ingdirect.ca</a>. The members of the IRC are C. Ian Ross, Stephen J. Griggs and E.M. Jane Davis, each of whom is independent of ING DIRECT and its affiliates. Additional information concerning the IRC, including the names of its members, and governance of the Funds is available in the Funds' annual information form.</p>

## PURCHASES, SWITCHES AND REDEMPTIONS

You may only purchase units of the Funds through the Dealer, ING Direct Funds Limited. The Dealer is there to help you with your investment decisions to determine which Fund is most suitable for you to meet your own risk/return objectives and to place orders on your behalf. Although we will honour requests to transfer holdings of units of the Funds to another dealer and redemption requests received from other dealers, you will not be able to purchase additional units of the Funds through any other dealer.

To open an account with the Dealer, please call a mutual fund associate at 1-866-464-8477, or go online at [www.streetwisefund.ca](http://www.streetwisefund.ca). There is no cost to you to opening or maintaining an account with the Dealer.

### *How We Price a Fund's Units*

ING DIRECT calculates all unit prices at the close of trading on the Toronto Stock Exchange ("TSX") on each trading day. We calculate a separate unit price for each Fund (the "NAV") by:

- adding up the value of the portfolio securities and other assets owned by the Fund; and
- subtracting the liabilities applicable to that Fund.

We then divide the NAV by the total number of units of that Fund owned by investors to obtain the Fund's unit price.

### *Purchases*

If we receive your purchase order before 4:00 p.m. (Toronto time) on any day on which the TSX is open for trading (a "trading day"), we will process your order at the unit price calculated later that day. Otherwise, we will process your order at the unit price calculated on the next trading day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next trading day.

We must receive the appropriate documentation and money within three trading days of receiving your purchase order. We are entitled to reject any purchase order, but we can only do so within one day of receiving it. If we reject an order, we will return immediately to the Dealer any monies we have received from you in connection with that order.

### *Redemptions*

If we receive your redemption order before 4:00 p.m. (Toronto time) on any trading day, we will process your order at the unit price calculated later that day. Otherwise, we will process your order at the unit price calculated on the next trading day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next trading day. Your redemption request must be in writing and accompanied by your unit certificate if you requested a certificate when you purchased your units.

Under exceptional circumstances we may be unable to process your redemption order. This would most likely occur if market trading has been suspended on stock exchanges, options exchanges or futures exchanges on which more than 50% by value of a Fund's assets are listed and if the Fund's portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods units of the Fund will also not be issued or switched.

There are no redemption fees for the Funds.

## Switches

A “switch order” is simply an order to redeem units of one of the Funds and use the proceeds to purchase units of another of the Funds.

If we receive your switch order before 4:00 p.m. (Toronto time) on any trading day, we will process your redemption and purchase orders at the relevant unit prices calculated later that day. Otherwise, we will process your order at the unit prices calculated on the next trading day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next trading day.

A switch order involves a redemption of units of one fund which is considered to be a disposition and may result in a capital gain or loss for tax purposes in a nonregistered account. You are responsible for tracking and reporting to the Canada Revenue Agency (“CRA”) any capital gain or loss that you realize.

## Short-Term Trading

ING DIRECT has adopted policies and procedures to detect and deter inappropriate short-term trading and excessive short-term trading. An inappropriate short-term trade is defined as a combination of a purchase and redemption (including switches between Funds) within 90 days that ING DIRECT believes is detrimental to Fund investors and which may take advantage of securities priced in other time zones or illiquid securities that trade infrequently. ING DIRECT may take steps to prevent inappropriate short-term trading. These steps may include the delivery of a warning to the investor, placing the investor/account on a watch list to monitor his or her trading activity and the subsequent refusal of further trades by the investor if the investor continues to attempt such trading activity, and/or closure of the investor’s account.

Excessive short-term trading is a combination of purchases and redemptions (including switches among the Funds) which occur within 30 days so frequently that ING DIRECT believes the trading is detrimental to Fund investors. ING DIRECT will take steps to prevent such activity as it considers appropriate. These actions may include the delivery of a warning to the investor, placing the investor/account on a watch list to monitor his or her trading activity and the subsequent refusal of further trades by the investor if the investor continues to attempt such trading activity, and/or closure of the investor’s account.

In determining whether a short-term trade is inappropriate or excessive, ING DIRECT will consider relevant factors including the following:

- *bona fide* changes in investor circumstances or intentions;
- unanticipated financial emergencies;
- the nature of the Fund; and
- past trading patterns.

In making these judgments, ING DIRECT seeks to act in a manner that it believes is consistent with the best interests of Fund investors. The interests of Fund investors and the Funds’ ability to manage their investments may be adversely affected by inappropriate or excessive short-term trading because, among other things, these types of trading activities can dilute the value of Fund securities, can interfere with the efficient management of the Funds’ portfolio and can result in increased brokerage and administrative costs. While ING DIRECT will actively take steps to monitor, detect and deter inappropriate and excessive short-term trading, it cannot ensure that such trading activity will be completely eliminated.

## OPTIONAL SERVICES

### *Registered Tax Plans*

Units of the Funds are qualified investments for Registered Plans (defined below). You can open certain registered plans offered by ING DIRECT through the Dealer. The Dealer offers registered retirement savings plans (“RSPs”), registered retirement income funds (“RIFs”), locked-in retirement accounts (“LIRAs”), locked-in retirement income funds (“LRIFs”), life income funds (“LIFs”) and tax-free savings accounts (“TFAs”) (collectively, “Registered Plans”). Holders of TFAs should consult with their own tax advisors as to whether units of the Funds would be prohibited investments in their particular circumstances. Investors should consult their tax advisors for full particulars of the tax implications of establishing, amending and terminating Registered Plans. For more information, contact a mutual fund associate at 1-866-464-8477 or go online at [www.streetwisefund.ca](http://www.streetwisefund.ca).

### *Automatic Savings Program*

You can make regular purchases of units of the Funds through a pre-authorized chequing plan. You can invest weekly, bi-weekly, monthly or quarterly. Ask the Dealer for an ASP form to start the plan. You can also do this online at [www.streetwisefund.ca](http://www.streetwisefund.ca). There is no administrative charge for this service.

### *Systematic Withdrawal Plans*

If you would like to make regular withdrawals from your non-registered investment in a Fund, you can open a systematic withdrawal plan with the Dealer. You can choose to withdraw weekly, bi-weekly, monthly, semi-monthly, quarterly, semi-annually or annually, depending on the kind of account you have. For more information, please ask the Dealer.

It is important to remember that if you withdraw more than your investment is earning, you will reduce and eventually use up your original investment. Remember, a systematic withdrawal plan is like a redemption. You are responsible for tracking and reporting to the CRA any capital gains or losses you realize on units disposed of.

### *Automatic Reinvestment of Distributions*

From time to time, your Fund may pay distributions to you or your registered tax plan.

All dividends on units held in ING DIRECT registered tax plans will be automatically reinvested in additional units of the Fund. All dividends on units held outside a registered plan will be automatically reinvested in additional units of the Fund unless you tell the Dealer you want to receive them in cash.

## FEES AND EXPENSES

The following table lists the fees and expenses that you may have to pay if you invest in the Funds. You may have to pay some of these fees and expenses directly. The Funds may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Funds..

<b>Fees and Expenses Payable by the Funds</b>	
Management Fees	0.80% per year of each Fund's NAV.
Operating Expenses	<p>ING DIRECT pays certain operating expenses of the Funds. These expenses include regulatory filing fees and other day-to-day operating expenses including, but not limited to, recordkeeping, accounting and Fund valuation costs, custody fees, audit and legal fees, the costs of preparing and distributing annual and semi-annual reports, prospectuses and statements and investor communications. In return, each Fund pays a fixed administration fee to ING DIRECT equal to 0.15% per year of each Fund's net asset value. ING DIRECT will retain any difference between the actual operating expenses of the Funds and the fixed administration fee paid to it.</p> <p>Each Fund also pays certain operating expenses directly, including the costs and expenses related to the IRC of the Funds, the cost of any government or regulatory requirements introduced after July 1, 2007, borrowing costs and taxes (including, but not limited to, GST). These costs will be allocated among the Funds in a fair and equitable manner in accordance with the services used.</p> <p>ING DIRECT may, in its discretion, absorb a portion of a Fund's costs in any year, but will always do so to ensure that the Fund's management expense ratio in any year (calculated without taking into account any additional taxes resulting from the HST as described under "Risk Factors - Proposed Harmonized Sales Tax") is never greater than 1.00% of the Fund's net asset value.</p> <p>Together the management fees, the administration fees and other operating expenses make up a Fund's management expense ratio.</p> <p><i>Independent Review Committee</i></p> <p>Each member of the IRC receives from the Funds an annual fee and meeting fees for each meeting that he or she attends. The current annual compensation for each member of the IRC is \$10,000. In addition, the Chair of the IRC will receive \$2,000 and the other members of the IRC will each receive \$1,000 for each meeting of the IRC that the members attend (generally 2 meetings per year). Each member of the IRC will also be reimbursed for expenses in connection with performing his or her duties in this regard. Compensation and permitted expenses of the IRC is allocated among and paid by the Funds on an equitable basis.</p>
<b>Fees and Expenses Payable Directly by You</b>	
Sales Charges	There are no applicable fees.
Switch Fees	There are no applicable fees.
Redemption Fees	There are no applicable fees.
Short Term Trading Fee	There are no applicable fees.
Registered Tax Plan Fees	There are no applicable fees.

### Impact of Sales Charges

There are no applicable sales charges to buy The Streetwise Funds. The following table demonstrates how this compares with different purchase options available with other Funds if you made an investment of \$1,000, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period. This chart only reflects sales charges or deferred sales charges; other fees, such as management fees, are not illustrated.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option	\$0	N/A	N/A	N/A	N/A
Deferred Sales Charge Option	N/A	\$0	\$0	\$0	\$0

### DEALER COMPENSATION

The Funds' units are sold exclusively through the Dealer. ING DIRECT and the Dealer are both wholly owned subsidiaries of ING Bank of Canada which is itself a wholly owned subsidiary of ING Groep N.V.

The Dealer earns an annual commission equal to 0.40% of the total value of units of the Funds held through the Dealer. We pay this commission to the Dealer quarterly. We do not pay any other form of commission.

### DEALER COMPENSATION FROM MANAGEMENT FEES

Since we have not yet completed a financial year, no information is yet available with respect to this item.

### INCOME TAX CONSIDERATIONS FOR INVESTORS

The following is a general summary, at the time of filing, of the principal Canadian federal income tax considerations generally applicable to the buying, holding and selling of units of a Fund covered under this prospectus. This summary is applicable to a unitholder who is an individual (other than a trust) and who, for purposes of the Income Tax Act (Canada) (the "Tax Act"), is resident in Canada, deals at arm's length with the particular Fund and holds units as capital property. Units will generally be considered capital property to a unitholder unless the unitholder holds the units in the course of carrying on a business or has acquired the units in a transaction or transactions considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, an understanding of the current published administrative and assessing practices of the CRA and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to

hereafter as the “**Tax Proposals**”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire units. Moreover, the income and other tax consequences of acquiring, holding or disposing of units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in units, based on their particular circumstances.**

### ***Tax Status of the Funds***

In order to qualify as a mutual fund trust, a Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of units.

This summary is also based on the assumption that the Funds will not at any time be “specified investment flow-throughs” (“**SIFTS**”) as defined in the Tax Act. As long as the units issued by the Funds are not listed or traded at any time on a stock exchange or other public market, the Funds will not be SIFTS.

If a Fund were a SIFT at any time or were not to qualify as a mutual fund trust at all times, the income tax considerations as described below and under “Eligibility for Investment” would in some respects be materially different.

### ***Taxation of the Funds***

In each year, income of each Fund, including the taxable portion of capital gains, if any, that is not paid or made payable to unitholders in that year will be taxed in the particular Fund under Part I of the Tax Act. Provided the particular Fund distributes all of its net taxable income and net taxable capital gains to the unitholders on an annual basis, it will not be liable for any income tax under Part I of the Tax Act. Capital or income losses incurred by a Fund cannot be allocated to unitholders but may, subject to certain limitations under the Tax Act, be deducted by the Fund from net realized capital gains or net income realized in subsequent years. All of a Fund’s deductible expenses, including management fees, will be taken into account in determining the income or loss of the Fund and applicable taxes payable by the Fund. Income of a Fund which is derived from foreign sources may be subject to foreign taxes which may, within certain limits, be either deducted from taxable income in the Fund or allocated to unitholders to potentially offset taxes payable on foreign source income. Each Fund intends to elect to have a December 15<sup>th</sup> year end for calculating taxable income.

Each Fund is required to include in income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Provided a Fund elects in accordance with the Tax Act to have each of its securities that constitute a “Canadian security” treated as capital property, gains and losses realized by such Fund on the disposition of Canadian securities should be taxed as capital gains or capital losses. Upon the actual or deemed disposition of a security held by a Fund as capital property, such Fund will realize a

capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such property and any reasonable costs of disposition.

Generally, gains and losses realized by a Fund from the trading of futures and forward contracts will be treated as income and losses of the Fund, rather than as capital gains and capital losses.

The Funds are required to compute all relevant amounts, including interest, the cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses for the Funds may be affected by changes in the value of a foreign currency relative to the Canadian dollar.

## ***Taxation of Unitholders***

### ***Units of a Fund Held in a Registered Plan***

If units of a Fund are held in a Registered Plan, distributions from the Fund and capital gains from a disposition of the units of the Fund are generally not subject to tax under the Act until withdrawals are made from the plan (withdrawals from a TFSA are not subject to tax). Holders of TFSAs should consult with their own advisors as to whether units of a Fund would be prohibited investments.

### ***Units of a Fund Not Held in a Registered Plan***

If a unitholder holds units of a Fund outside a registered plan, a unitholder will generally be required to include in computing income for a taxation year such part of the net income of the Fund, including the taxable portion of capital gains, if any, paid or payable to the unitholder in the taxation year. This is the case even though such distributions may be automatically reinvested in additional units and there may therefore be insufficient cash received by a unitholder to pay the tax payable in respect of such distributions of income. Any distributions in excess of income of a Fund in a year will not be taxable in the hands of a unitholder but, except for the non-taxable portion of capital gains, will reduce the adjusted cost base of the units. The non-taxable portion of capital gains distributed to a unitholder will not be taxable in the hands of the unitholders and will not, provided the appropriate designations are made by the Fund, reduce the adjusted cost base of the units.

Provided that appropriate designations are made by a Fund, such portion of (a) the net realized taxable capital gains of the Fund, (b) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit and (c) the taxable dividends received by the Fund on shares of taxable Canadian corporations as are paid or become payable to a unitholder will effectively retain their character and be treated as such in the hands of the unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply.

The net asset value per unit may reflect income and gains of the Funds that have accrued at the time units are acquired. Accordingly, a unitholder who acquires units may become taxable on the unitholder's share of income and gains of the Funds that accrued before the units were acquired.

We will furnish to each unitholder information to assist the unitholder in preparing their tax return.

Upon the redemption or other actual or deemed disposition of a unit, a unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the unitholder's adjusted cost base of the unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of units to a unitholder, when units are acquired, including on the reinvestment of distributions, the cost of the newly acquired units will be averaged with the adjusted cost base of all units owned by the unitholder as capital property immediately before that time.

One-half of any capital gain realized on the disposition of units will be included in the unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains realized in a particular year, the three immediately preceding years or in subsequent years, subject to the rules in the Tax Act.

In general terms, net income of a Fund paid or payable to a unitholder that is designated as net realized taxable capital gains, taxable Canadian dividends or taxable capital gains realized on the disposition of units may increase the unitholder's liability for alternative minimum tax.

### ***Eligibility for Investment***

Provided that the Funds qualify as "mutual fund trusts" for purposes of the Tax Act, units offered hereby will be qualified investments under the Tax Act for Registered Plans.

## **WHAT ARE YOUR LEGAL RIGHTS?**

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy units of a Fund within two business days of receiving the simplified prospectus, or to cancel your purchase within forty-eight hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy units of a Fund and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form or financial statements misrepresent any facts about the Fund. These rights usually must be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory, or consult your lawyer.

## PART B

# SPECIFIC INFORMATION ABOUT EACH OF THE MUTUAL FUNDS DESCRIBED IN THIS DOCUMENT

Part B provides specific descriptions of each of the Funds in this simplified prospectus. It supplements the general information concerning the Funds which is contained in Part A.

This Introduction explains most of the terms and assumptions which appear in this Part B and information common to the Funds, so that we do not have to repeat that information for each Fund.

### *What Does the Fund Invest In?*

#### *Investment Objectives and Strategies*

Each Fund's Part B describes the Fund's investment objectives and investment strategies. The investment objectives can only be changed with the consent of the investors in the Fund at a meeting called for that purpose.

The investment strategies explain how the Fund intends to achieve its investment objectives. As manager of the Funds, we may change the investment strategies from time to time, but will give Fund investors notice of our intention to do so if it would be a material change as defined in National Instrument 81-106 – Investment Fund Continuous Disclosure ("**NI 81-106**"). Under NI 81-106, a change in the business, operations or affairs of a Fund is considered to be a "material change" if a reasonable investor would consider it important in deciding whether to purchase or continue to hold units of the Fund.

#### *Use of Derivatives by the Funds*

The Funds may use derivatives as a substitute investment for a stock or a stock market, which is known as "non-hedging" investment. When a Fund uses derivatives for non-hedging purposes, it will only do so as permitted by Canadian securities regulations. We have indicated in each Fund's description of investment strategies whether the Fund will use derivatives and how. Please also refer to the explanation of risks which accompany the use of derivatives, under "Derivatives Risk" on page 8.

#### *Securities Lending, Repurchase and Reverse Repurchase Transactions*

Securities lending, repurchase and reverse repurchase transactions earn additional income for mutual funds. That income comes from the fees paid by the transaction counterparty and interest paid on the cash or securities held as collateral. The Funds intend to engage in securities lending, repurchase and reverse repurchase transactions. The potential risks involved in these transactions are described under "Securities Lending, Repurchase and Reverse Repurchase Transaction Risk" on page 9 of this simplified prospectus. On any securities lending, repurchase and reverse repurchase transaction, the Funds must:

- deal only with counterparties who meet generally accepted creditworthiness standards as defined in NI 81-102;
- hold collateral equal to a minimum 102% of the market value of the portfolio securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions);

- adjust the amount of the collateral on each business day to ensure the value of the collateral relative to the market value of the portfolio securities loaned, sold or purchased remains at or above the minimum 102% limit; and
- limit the aggregate value of all portfolio securities loaned or sold through securities lending and repurchase transactions to no more than 50% of the total assets of the Fund (without including the collateral for loaned securities and cash for sold securities).

### *What are the Risks of Investing in the Fund?*

The general investment risks which apply to investing in mutual funds, including our Funds, are set out beginning on page 6 of Part A. The specific risks for each Fund are set out under the sub-heading “What are the Risks of Investing in the Fund?” for each Fund described in this Part B. Those risks are based upon the Fund’s investment objectives and strategies and describe the material risks of investing in that Fund under normal market conditions when considering the Fund’s portfolio as a whole, not each individual investment within the portfolio. You should discuss the risks of investing in the Fund with one of the Dealer’s mutual fund associates before making an investment in the Fund.

### *Who Should Invest in this Fund?*

The information under this sub-heading is our assessment of the type of investor and the type of portfolio for which the Fund would be most suitable. In this section, we state what type of investor should consider an investment in the Fund having regard to that investor’s objectives, i.e., whether the investor is looking to grow their capital over the long term as opposed to an investor who is investing to receive current income; whether an investor should be in a non-registered account; and whether the investor is looking to invest in a specific region or industry. In addition to stating the type of investor for whom an investment in the Fund is suitable, we have also stated the degree of risk tolerance that an investor requires to invest in each Fund. The range of tolerances is as follows:

- **Very low** – for investors with a low expected rate of return and with a very low risk of losing money over the short to long term (typically for money market funds);
- **Low** – for investors seeking a low expected rate of return but sufficient to provide some current income with a low risk that they will lose money in ordinary circumstances over the medium to long term (typically for many Canadian fixed income funds);
- **Below Average** – for investors expecting less than normal returns, but with a low risk, although higher than the “low” category, of losing money over the medium to long term (typically for asset allocation funds and balanced funds, although some equity funds qualify);
- **Average** – for investors expecting normal rates of return from equity investments with a normal amount of volatility (typically for Canadian and global large capitalization equity funds);
- **Above Average** – for investors seeking slightly higher than normal rates of return who are willing to undertake more risk to achieve that (typically for equity funds that invest in specific countries or in specific sectors of the economy); and
- **High** – for investors seeking higher returns who are willing to take a substantial risk that they will lose money (typically for equity funds that invest in specific sectors of the economy or in higher-risk regions of the world).

The methodology used to determine the risk ratings of the Funds for the purposes of disclosure in this simplified prospectus is the methodology recommended by the Fund Risk Classification Task Force of the Investment Funds Institute of Canada (“**IFIC Task Force**”). The IFIC Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical

volatility risk as measured by the standard deviation of fund performance. However, the IFIC Task Force recognizes that other types of risk, both measurable and non-measurable, may exist and reminds that historical performance may not be indicative of future returns and a fund's historical volatility may not be indicative of its future volatility.

Standard deviation is a statistical measure that provides insights into the likelihood of how much a mutual fund's returns may differ from its average. It is based on a mutual fund's return over an average month during the measurement period and tells you how volatile the mutual fund's returns have been during that time. For example, if a mutual fund has an average annual compounded rate of return of 8% and its standard deviation is 12%, then, on average, the mutual fund has had a rate of return between -4% and 20%. Of course, it is possible that the mutual fund could have had a rate of return in a given year below -4% and it is equally possible that the mutual fund could have had a rate of return in a given year greater than 20%.

The IFIC Task Force examined the rates of return of indices that are representative of every mutual fund category available in Canada and determined the standard deviation of those returns over various time periods. Since most people hold particular mutual funds for between three and five years, they examined the standard deviation over those time periods. They found that mutual funds naturally form six groupings of standard deviations and, as a result, the 6 rankings set forth above were considered to be appropriate. The working group also indicated that the following standard deviations were appropriate for each rating:

<b>Very Low</b>	0% to 1.0%
<b>Low</b>	1.0% to 6.0%
<b>Below Average</b>	6.0% to 11.0%
<b>Average</b>	11.0% to 16.0%
<b>Above Average</b>	16.0% to 20.0%
<b>High</b>	greater than 20.0%

The latest risk classifications of the IFIC Task Force came into effect as of March 31, 2009 and therefore differ from those included in last year's simplified prospectus. In the view of ING DIRECT, there has been no material change to the risk profile of the Funds.

Please consult one of the Dealer's mutual fund associates to review your specific investment objectives, tolerance for risk, how the Fund would fit with your other investment assets and the period of time you intend to leave your money invested, before you invest in any mutual fund.

### ***Distribution Policy***

This section explains when the Funds will make distributions. You earn money from the Funds when they distribute amounts to you out of interest, dividend and other income earned and capital gains realized on their underlying investments. The Funds may also make additional distributions, including distributions treated as a return of capital. Mutual fund trusts may make distributions that are treated as ordinary income, dividend income, capital gains, foreign source income or non-taxable amounts (including returns of capital). For registered plans (like RSPs, GRSPs, RIFs, RESPs and DPSPs), distributions are automatically reinvested in additional units of the same fund. For non-registered accounts, distributions are reinvested in additional units of the same fund unless you tell us that you want them in cash.

# ING DIRECT

## Streetwise Balanced Income Fund

### FUND DETAILS

#### ING DIRECT Streetwise Balanced Income Fund

Type of Fund:	Canadian Fixed Income Balanced
Date the Fund was started:	January 2, 2008*
Securities Offered:	Mutual Fund Units
Registered Plan Eligibility:	Units of the Fund are fully eligible to be purchased by registered tax plans.

\*Date on which the ING DIRECT Streetwise Balanced Income Class (the "Corporate Fund") was started. The Corporate Fund was converted into the Fund on January 9, 2009.

### WHAT DOES THE FUND INVEST IN?

#### *Investment Objectives*

This Fund seeks to provide income with some potential for capital appreciation by investing in both fixed income and equity securities based on a targeted allocation among four distinct asset classes: Canadian bonds, Canadian equities, U.S. equities and international equities. The Fund will invest primarily in Canadian bonds, with some exposure to global equities.

We will not change the fundamental investment objectives of this Fund unless we have the consent of a majority of the voting unitholders of the Fund to do so.

#### *Investment Strategies*

The Fund will follow a strategic asset allocation strategy, with the target allocations among the four asset classes being as follows:

Canadian bonds	70%
Canadian equities	10%
U.S. equities	10%
International equities	10%

Each of the four asset classes seeks to replicate as closely as possible the performance of a recognized securities index: the Canadian bond component seeks to replicate the DEX Universe Bond Index; the Canadian equities component seeks to replicate the S&P/TSX 60 Index; the U.S. equities component seeks to replicate the S&P 500 Index; and the international equities component seeks to replicate the Morgan Stanley Capital International EAFE ("MSCI EAFE").

The actual allocation among the four asset classes may deviate from the target allocations as a result of changes in value of the indexes (and the securities that make up the indexes) relative to each other. At the end of each quarter, the Portfolio Subadvisor will rebalance the asset classes back to the target allocations if, in the case of the DEX Universe Bond Index component, the actual allocation at the end of the quarter is higher or lower than the target by 2% or, in respect of any of the other components, the actual allocation at the end of the quarter is higher or lower than the target by 1%.

### ***DEX Universe Bond Index Component***

The DEX Universe Bond Index consists of Canadian investment-grade bonds which mature in more than one year. The number of individual securities in the DEX Universe Bond Index as well as the fact that many of the securities in the index are simply unavailable for purchase makes direct replication of this index impossible. As a result, the Portfolio Subadvisor will manage this component of the Fund by following a sampling method of indexing in which it seeks to match the returns of the index by buying a well-diversified portfolio that is representative of the broad market index. In selecting individual securities, the Portfolio Subadvisor will use fundamental credit analysis and quantitative portfolio construction techniques.

The Portfolio Subadvisor may use derivatives such as options and futures to adjust this portion of the Fund's average term to maturity, duration or credit risk or to gain exposure to individual securities.

### ***S&P/TSX 60 Index Component***

The S&P/TSX 60 Index consists of 60 large, liquid Canadian companies listed on the Toronto Stock Exchange. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of the index by investing directly in securities that are included in the index in substantially the same proportion as they are weighted in the index. It may also use exchange traded funds ("ETFs") or derivatives such as options, futures and forward contracts to gain exposure to the index.

### ***S&P 500 Index Component***

The S&P 500 Index consists of 500 widely held U.S. issuers. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of the index by investing directly in securities that are included in the index through optimization-based technology that creates a portfolio with overall risk/return characteristics as close as possible to the index. It may also use ETFs or derivatives such as options, futures and forward contracts to gain exposure to the index.

### ***MSCI EAFE Index Component***

The MSCI EAFE Index is a broadly diversified index consisting of equity securities of companies domiciled in developed markets outside of Canada and the U.S.

In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of indexes of established stock markets in Europe, Australasia and the Far East. It will do this by investing in securities that are included in those indexes using optimization-based technology that creates a portfolio with overall risk/return characteristics as close as possible to the indexes or by investing in ETFs that are linked to the performance of the indexes. It may also use derivatives such as options, futures and forward contracts to gain exposure to the index.

## **WHAT ARE THE RISKS OF INVESTING IN THE FUND?**

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments in the market. This Fund uses an asset allocation strategy to allocate investments across four primary asset classes, Canadian bonds, Canadian equity, U.S. equity and International equity. Investing in a mix of different asset classes helps reduce volatility.

Investing in this Fund may also result in the following risks which are described in more detail beginning on page 6 of this simplified prospectus:

- equity risk;
- credit risk;
- interest rate risk;
- fixed income investment risk;
- foreign investment risk;
- foreign currency risk;
- index risk;
- derivatives risk;
- securities lending, repurchase and reverse repurchase transaction risk; and
- portfolio manager risk.

As the index weighting of an individual company increases, any increase or decrease in its value will have a greater impact on this Fund's unit value and total return.

## WHO SHOULD INVEST IN THIS FUND?

This Fund may be right for you if:

- you are seeking income and modest potential capital appreciation;
- you want to diversify your portfolio by asset class and geographic region;
- you are prepared to fully participate in both market upturns and downturns, as this Fund is generally fully invested; or
- you are planning to hold your investment for the medium term and have a below average risk tolerance (i.e., you can accept fluctuations in the value of your investment).

## DISTRIBUTION POLICY

This Fund distributes any net income and net capital gains annually in December. All distributions on units held in ING DIRECT registered tax plans will be automatically reinvested in additional units of this Fund. All distributions on units held outside a registered tax plan will also be automatically reinvested in additional units of this Fund, unless you tell the Dealer you want to receive them in cash.

## Streetwise Balanced Fund

### FUND DETAILS ING DIRECT Streetwise Balanced Fund

Type of Fund:	Global Neutral Balanced
Date Fund Started:	January 2, 2008*
Securities Offered:	Mutual Fund Units
Registered Plan Eligibility:	Units of the Fund are fully eligible to be purchased by registered tax plans.

\*Date on which the ING DIRECT Streetwise Balanced Class (the "Corporate Fund") was started. The Corporate Fund was converted into the Fund on January 9, 2009.

### WHAT DOES THE FUND INVEST IN?

#### *Investment Objectives*

This Fund seeks to provide a balance of income and capital appreciation by investing in both fixed income and equity securities based on a prescribed allocation among four distinct asset classes: Canadian bonds, Canadian equities, U.S. equities and international equities. The Fund will remain relatively balanced between bonds and equities and between Canadian and non-Canadian securities.

We will not change the fundamental investment objectives of this Fund unless we have the consent of a majority of the voting unitholders of the Fund to do so.

#### *Investment Strategies*

The Fund will follow a strategic asset allocation strategy, with the target allocations among the four asset classes being as follows:

Canadian bonds	40%
Canadian equities	20%
U.S. equities	20%
International equities	20%

Each of the four asset classes seeks to replicate as closely as possible the performance of a recognized securities index: the Canadian bond component seeks to replicate the DEX Universe Bond Index; the Canadian equity component seeks to replicate the S&P/TSX 60 Index; the U.S. equity component seeks to replicate the S&P 500 Index; and the international equity component seeks to replicate the Morgan Stanley Capital International EAFE ("MSCI EAFE").

The actual allocation among the four asset classes may deviate from the target allocations as a result of changes in value of the indexes (and the securities that make up the indexes) relative to each other. At the end of each quarter, the Portfolio Subadvisor will rebalance the asset classes back to the target allocations if, in the case of the DEX Universe Bond Index component, the actual allocation at the end of the quarter is higher or lower than the target by 2% or, in respect of any of

the other components, the actual allocation at the end of the quarter is higher or lower than the target by 1.5%.

### ***DEX Universe Bond Index Component***

The DEX Universe Bond Index consists of Canadian investment-grade bonds which mature in more than one year. The number of individual securities in the DEX Universe Bond Index as well as the fact that many of the securities in the index are simply unavailable for purchase makes direct replication of this index impossible. As a result, the Portfolio Subadvisor will manage this component of the Fund by following a sampling method of indexing in which it seeks to match the returns of the index by buying a well-diversified portfolio that is representative of the broad market index. In selecting individual securities, the Portfolio Subadvisor will use fundamental credit analysis and quantitative portfolio construction techniques.

The Portfolio Subadvisor may use derivatives such as options and futures to adjust this portion of the Fund's average term to maturity, duration or credit risk or to gain exposure to individual securities.

### ***S&P/TSX 60 Index Component***

The S&P/TSX 60 Index consists of 60 large, liquid Canadian companies listed on the Toronto Stock Exchange. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of the index by investing directly in securities that are included in the index in substantially the same proportion as they are weighted in the index. It may also use exchange traded funds ("ETFs") or derivatives such as options, futures and forward contracts to gain exposure to the index.

### ***S&P 500 Index Component***

The S&P 500 Index consists of 500 widely held U.S. issuers. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of the index by investing directly in securities that are included in the index through optimization-based technology that creates a portfolio with overall risk/return characteristics as close as possible to the index. It may also use ETFs or derivatives such as options, futures and forward contracts to gain exposure to the index.

### ***MSCI EAFE Index Component***

The MSCI EAFE Index is a broadly diversified index consisting of equity securities of companies domiciled in developed markets outside of Canada and the U.S. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of indexes of established stock markets in Europe, Australasia and the Far East. It will do this by investing in securities that are included in those indexes using optimization-based technology that creates a portfolio with overall risk/return characteristics as close as possible to the indexes or by investing in ETFs that are linked to the performance of the indexes. It may also use derivatives such as options, futures and forward contracts to gain exposure to the index.

## **WHAT ARE THE RISKS OF INVESTING IN THE FUND?**

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments in the market. This Fund uses an asset allocation strategy to

allocate investments across four primary asset classes, Canadian bonds, Canadian equity, U.S. equity and International equity. Investing in a mix of different asset classes helps reduce volatility.

Investing in this Fund may also result in the following risks which are described in more detail beginning on page 6 of this simplified prospectus:

- equity risk;
- credit risk;
- interest rate risk;
- fixed income investment risk;
- foreign investment risk;
- foreign currency risk;
- index risk;
- derivatives risk;
- securities lending, repurchase and reverse repurchase transaction risk; and
- portfolio manager risk.

As the index weighting of an individual company increases, any increase or decrease in its value will have a greater impact on this Fund's unit value and total return. This may result in issuer-specific risk described in more detail on page 7.

## WHO SHOULD INVEST IN THIS FUND?

This Fund may be right for you if:

- you are seeking a balance between capital appreciation and modest income potential;
- you want to diversify your portfolio by asset class;
- you are prepared to fully participate in both market upturns and downturns, as this Fund is generally fully invested; or
- you are planning to hold your investment for the medium to long term and have a below average risk tolerance (i.e. accept fluctuations in the value of your investment).

## DISTRIBUTION POLICY

This Fund distributes any net income and net capital gains annually in December. All distributions on units held in ING DIRECT registered tax plans will be automatically reinvested in additional units of this Fund. All distributions on units held outside a registered tax plan will also be automatically reinvested in additional units of this Fund, unless you tell the Dealer you want to receive them in cash.

## Streetwise Balanced Growth Fund

### FUND DETAILS

#### ING DIRECT Streetwise Balanced Growth Fund

Type of Fund:	Global Equity Balanced
Date Fund Started:	January 2, 2008*
Securities Offered:	Mutual Fund Units
Registered Plan Eligibility:	Units of the Fund are fully eligible to be purchased by registered tax plans.

\*Date on which the ING DIRECT Streetwise Balanced Growth Class (the "Corporate Fund") was started. The Corporate Fund was converted into the Fund on January 9, 2009.

### WHAT DOES THE FUND INVEST IN?

#### *Investment Objectives*

This Fund seeks to provide capital appreciation and some income by investing in both equity and fixed income securities based on a prescribed allocation among four distinct asset classes: Canadian bonds, Canadian equity, U.S. equity and international equity. The Fund will invest primarily in equity securities, with some exposure to Canadian bonds.

We will not change the fundamental investment objectives of this Fund unless we have the consent of a majority of the voting unitholders of the Fund to do so.

#### *Investment Strategies*

The Fund will follow a strategic asset allocation strategy, with the target allocations among the four asset classes being as follows:

Canadian bonds	25%
Canadian equities	25%
U.S. equities	25%
International equities	25%

Each of the four asset classes seeks to replicate as closely as possible the performance of a recognized securities index: the Canadian bond component seeks to replicate the DEX Universe Bond Index; the Canadian equity component seeks to replicate the S&P/TSX 60 Index; the U.S. equity component seeks to replicate the S&P 500 Index; and the international equity component seeks to replicate the Morgan Stanley Capital International EAFE ("MSCI EAFE").

The actual allocation among the four asset classes may deviate from the targets as a result of changes in value of the indexes (and the securities that make up the indexes) relative to each other. At the end of each quarter, the Portfolio Subadvisor will rebalance the asset classes back to the target allocations if, in the case of the DEX Universe Bond Index component, the actual allocation at the end of the quarter is higher or lower than the target by 2% or, in respect of any of the other components, the actual allocation at the end of the quarter is higher or lower than the target by 1.5%.

### ***DEX Universe Bond Index Component***

The DEX Universe Bond Index consists of Canadian investment-grade bonds which mature in more than one year. The number of individual securities in the DEX Universe Bond Index as well as the fact that many of the securities in the index are simply unavailable for purchase makes direct replication of this index impossible. As a result, the Portfolio Subadvisor will manage this component of the Fund by following a sampling method of indexing in which it seeks to match the returns of the index by buying a well-diversified portfolio that is representative of the broad market index. In selecting individual securities, the Portfolio Subadvisor will use fundamental credit analysis and quantitative portfolio construction techniques.

The Portfolio Subadvisor may use derivatives such as options and futures to adjust this portion of the Fund's average term to maturity, duration or credit risk or to gain exposure to individual securities.

### ***S&P/TSX 60 Index Component***

The S&P/TSX 60 Index consists of 60 large, liquid Canadian companies listed on the Toronto Stock Exchange. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of the index by investing directly in securities that are included in the index in substantially the same proportion as they are weighted in the index. It may also use exchange traded funds ("ETFs") or derivatives such as options, futures and forward contracts to gain exposure to the index.

### ***S&P 500 Index Component***

The S&P 500 Index consists of 500 widely held U.S. issuers. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of the index by investing directly in securities that are included in the index through optimization-based technology that creates a portfolio with overall risk/return characteristics as close as possible to the index. It may also use ETFs or derivatives such as options, futures and forward contracts to gain exposure to the index.

### ***MSCI EAFE Index Component***

The MSCI EAFE Index is a broadly diversified index consisting of equity securities of companies domiciled in developed markets outside of Canada and the U.S. In managing this component of the Fund, the Portfolio Subadvisor will seek to track the performance of indexes of established stock markets in Europe, Australasia and the Far East. It will do this by investing in securities that are included in those indexes using optimization-based technology that creates a portfolio with overall risk/return characteristics as close as possible to the indexes or by investing in ETFs that are linked to the performance of the indexes. It may also use derivatives such as options, futures and forward contracts to gain exposure to the index.

## **WHAT ARE THE RISKS OF INVESTING IN THE FUND?**

With an index fund, an investor accepts full market risk as the fund will maintain its holdings despite any adverse developments in the market. This Fund uses an asset allocation strategy to allocate investments across four primary asset classes, Canadian bonds, Canadian equity, U.S. equity and international equity. Investing in a mix of different asset classes helps reduce volatility.

Investing in this Fund may also result in the following risks which are described in more detail beginning on page 6 of this simplified prospectus:

- equity risk;
- credit risk;
- interest rate risk;
- fixed income investment risk;
- foreign investment risk;
- foreign currency risk;
- index risk;
- derivatives risk;
- securities lending, repurchase and reverse repurchase transaction risk; and
- portfolio manager risk.

As the index weighting of an individual company increases, any increase or decrease in its value will have a greater impact on this Fund's unit value and total return. This may result in issuer-specific risk described in more detail on page 7.

## WHO SHOULD INVEST IN THIS FUND?

This Fund may be right for you if:

- you are seeking primarily capital growth potential;
- you want to diversify your portfolio by asset class and by geographic region;
- you are prepared to fully participate in both market upturns and downturns, as this Fund is generally fully invested; or
- you are planning to hold your investment for the long term and have a below average risk tolerance (i.e., you can accept fluctuations in the value of your investment).

## DISTRIBUTION POLICY

This Fund distributes any net income and net capital gains annually in December. All distributions on units held in ING DIRECT registered tax plans will be automatically reinvested in additional units of this Fund. All distributions on units held outside a registered tax plan will also be automatically reinvested in additional units of this Fund, unless you tell the Dealer you want to receive them in cash.



## ING DIRECT Streetwise Funds

ING DIRECT **Streetwise Balanced Income Fund**

ING DIRECT **Streetwise Balanced Fund**

ING DIRECT **Streetwise Balanced Growth Fund**

Additional information about the Funds is available in the Funds' annual information form, management reports of fund performance and financial statements. These documents are incorporated by reference in this simplified prospectus, which means that they legally form part of this document just as if they were printed in it. You can get a copy of these documents at your request, and at no cost, by calling 1-866-464-8477 or online at [www.streetwisefund.ca](http://www.streetwisefund.ca) or by e-mail to [funds@ingdirect.ca](mailto:funds@ingdirect.ca).

These documents and other information about the Funds, such as information circulars and material contracts, are also available at the Internet site for SEDAR (the System for Electronic Document Analysis and Retrieval established by the Canadian Securities Administrators) at [www.sedar.com](http://www.sedar.com).

### *Manager of the Fund:*

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