



STRATEGY BRIEF

GLOBAL

ING Investment Management at a Glance

ING Investment Management is a leading global asset manager with \$487 billion in assets under management. With over 3,500 employees and an investment presence in 33 countries, ING IM provides clients with access to domestic, regional and global investment solutions.

Mission

ING Investment Management's mission is to find unrecognized value ahead of consensus by seeking original insights on markets and companies. Toward that end, we apply our proprietary research and analytics, benchmark awareness and risk management to serve client needs within the guidelines and objectives of each assignment.

Portfolio Manager



Christine Hartsellers
Chief Investment Officer,
Fixed Income and
Proprietary Investments
Years of experience: 20

Investment Team

Supported by over 100 Fixed Income Investment Professionals with the majority averaging 10+ years experience

For more information please contact your relationship manager or go to www.inginvestment.com.

Quarter ending June 30, 2010.

STRATEGY

Summary

This is a core fixed income strategy that invests only in investment-grade securities. The strategy capitalizes on the talents of an experienced fixed income investment team working across multiple regions and sectors. We believe fixed Income segment returns vary over time, and macro theme analysis, combined with disciplined research and relative value analysis, will identify unrecognized value investment opportunities and produce superior long term performance.

Objective

Our objective is to outperform the Barclays Capital U.S. Aggregate Bond Index by 75 basis points over a full credit cycle with annualized tracking error of 1.5%.

Investment Process

Our investment process involves a focus on macro themes, which are incorporated as the top-down element of the decision-making process. Quantitative and fundamental analysis are combined in the disciplined, bottom-up security selection approach. Feedback loops across all teams ensure that all elements are continuously connected. Strong risk budgeting, risk management and compliance capabilities ensure quality checks and balances. Ultimately, we seek consistently competitive returns appropriate to each client's mandate and risk tolerance.

Contribution to Process and Returns

High

Security Selection

We continuously review the fundamentals and relative value of each security in our universe to ensure our portfolios are well-positioned to add value.

Low

High

Yield Curve

Macro-economic analysis and our capital markets expectations shape yield curve positioning, which varies as opportunities present themselves.

Low

High

Sector Allocation

Fixed Income segment returns vary over time; macro theme analysis captures the changes and guides our sector allocation strategy.

Low

High

Duration

Duration is managed within a relatively narrow band around the benchmark duration.

Low

Competitive Advantages

- A global team of market specialists examines the widest possible opportunity set
- Top-down macro themes shape overall strategy and provide context for our bottom-up security selection
- Balanced emphasis on quantitative and qualitative inputs fosters strong checks and balances and validation for our investment themes
- Proprietary risk budgeting and management tools guide portfolio construction
- Competitive performance over time and within each component of the portfolio

PERFORMANCE (%)

Composite		Quarter	YTD	1 Year	Annualized		
					3 Years	5 Years	10 Years
	Gross:	3.49	6.23	13.48	4.64	3.96	6.31
	Net:	3.41	6.05	13.09	4.28	3.59	5.94
Barclays Capital U.S. Aggregate Bond Index		3.49	5.33	9.50	7.55	5.54	6.47
	Excess Return	0.00	0.90	3.98	(2.91)	(1.58)	(0.16)

COMMENTARY

Market Review

After relatively steady performance in the first quarter, financial market volatility reemerged during the second as the European sovereign debt crisis moved to center stage. With equity markets tumbling 12% during the period, Treasury bonds again found favor as risk aversion returned, forcing a sharp rally for U.S. Treasuries and a widening of credit spreads.

Market confidence evaporated over the lack of a credible solution to the European sovereign crisis as European politicians continued to bicker over the right set of remedies. Significant ground-breaking measures were taken in April by the European Central Bank (ECB) and the International Monetary Fund (IMF), with a €750 billion rescue plan and the commencement of a sovereign debt purchase program. Markets still questioned the likelihood of these and new fiscal measures to ultimately solve the crisis. The quarter ended with some bright spots, however, as European officials announced more transparency for upcoming bank stress-test results and the ECB allowed its temporary bank lending facility to expire without any additional market dislocation.

Closer to home, the U.S. economic recovery that started so well also seemed to be facing headwinds in the second quarter. Consumer confidence slid in June with continued job market sluggishness and new home sales nose-diving to the lowest level on record. Some of this was due to the expiry in April of the first-time home buyers' tax credit program. The Federal Reserve (Fed) also acknowledged the change in market tone by stating in June that "financial conditions have become less supportive of economic growth on balance, largely reflecting developments abroad."

Account Performance

The portfolio underperformed the Barclays Aggregate Index for the quarter. The main driver of underperformance was our overweight to investment grade corporate bonds, particularly the financial sub-sector. Our underweight to agency mortgage-backed securities (MBS) was also a detractor, as this sector outperformed the index. While commercial mortgages (CMBS) underperformed the index, our security selection to higher quality CMBS helped the portfolio. Non-agency MBS were also a contributor to results. In interest rates, our position was relatively neutral and duration had a flat to slightly positive impact on the portfolio.

Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced. You can remove the Information should not be construed as investment advice because this covers it. So, the disclosure should appear as such.

Past performance does not guarantee future results. There is no guarantee that any forecasts or opinions in this material will be realized. Manager commentary is for informational purposes only and does not constitute investment advice and is not a recommendation to purchase or sell any of the securities referenced.

Please refer to the Schedule of Composite Performance, attached, for additional performance information.

The Composite performance information represents the investment results of a group of fully discretionary accounts managed with the investment objective of outperforming the benchmark. Information is subject to change at any time. Gross returns are presented after all transaction costs, but before management fees. Returns include the reinvestment of income. Net performance is shown after the deduction of a model management fee equal to the highest fee charged. Benchmark source: Barclays Capital.

Barclays Capital U.S. Aggregate Bond Index is composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million.

Current Strategy and Outlook

Investor confidence from the first quarter has diminished, amid falling stock prices, widening credit spreads and falling interest rates. Nevertheless, we do not see the reemergence of the flight to quality trade in May and June signaling concerns of a double dip recession. We do have a tempered view on interest rates and economic growth and are selectively constructive in our outlook for risk assets.

First, we see a Federal Reserve on hold and a lack of inflation pressures. Slack global markets should keep real inflation in check and policy makers on the sidelines with respect to rate hikes at least through 2010. For two decades, post-recession Fed funds hikes have started at least a year after the unemployment rate has peaked. It is likely that the U.S. yield curve will continue to flatten as the market prices-in eventual Fed rate hikes. Leverage in the system remains modest, which supports risk assets. Despite recent market volatility, we think security selection will assume increasing importance in generating excess returns.

With consumer growth rebounding, the U.S. economy continues to grow at a modest pace. Recent data show U.S. productivity growth is far outpacing G7 counterparts, good news considering the potential growth rate—labor force growth plus productivity growth—is running at 2.4%, also above other G-7 nations.

We remain slightly overweight investment grade bonds given positive technical and fundamental factors, which should support further spread tightening. Technical factors remain strong: inflows from mutual funds, pension funds and other investors seeking higher yields create heavy demand for corporate bonds. Recent fundamentals such as cost reductions and modest growth expectations are also positive, supporting our overweight.

We remain underweight agency MBS as option-adjusted spreads and high dollar prices limit attractiveness. We are modestly overweight non-agency MBS given positive supply, compelling liquidity and credit risk premiums providing attractive loss-adjusted yields. Further, new defaults are actually falling for non-agency residential mortgage-backed securities. Finally, we are constructive in CMBS as the sector benefits from similar conditions as the non-agency space: attractive liquidity, positive supply, lower leverage in the system and economic sensitivity.

PORTFOLIO HIGHLIGHTS

Sector Weights

	% of Portfolio	B.C. U.S. Agg Bond Index	Overweight/Underweight
Treasuries/Cash	21.70	32.09	-10.39
Government-related	2.10	12.27	-10.17
MBS	38.26	34.13	4.13
CMBS	9.06	3.05	6.01
ABS	6.86	0.28	6.58
Corporates	22.03	18.18	3.85
Derivatives	0.00	0.00	0.00
Other	0.00	0.00	0.00
Total	100	100	0.00

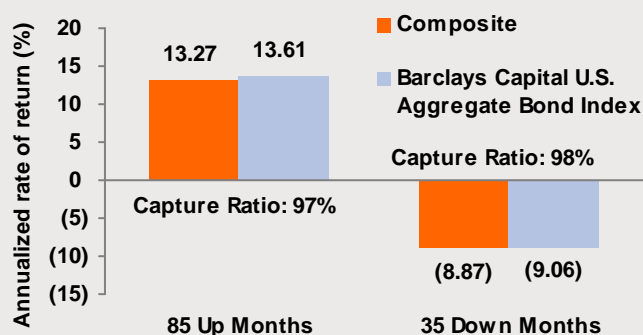
Returns-Based Characteristics

Ten years ending 6/30/10

	Composite	B.C. U.S. Agg Bond Index
Standard Deviation (%)	3.97	3.79
Tracking Error (%)	2.06	NA
Information Ratio	(0.08)	NA
Alpha (annualized %)	0.23	NA
Beta	0.90	1.00
R-Squared	0.74	1.00
Sharpe Ratio	0.95	1.03

Up/Down Capture Ratio

2/1/98 to 6/30/10



Percentage of Time the Composite Outperformed the Benchmark

2/1/98 to 6/30/10

5-Year Rolling Periods	87%	20/23
3-Year Rolling Periods	87%	27/31

Quality Comparison to Benchmark (%)

	Portfolio	B.C. U.S. Agg Bond Index
AAA	73.76	78.46
AA	2.71	4.21
A	9.11	9.41
BBB	16.25	7.93
≤BB	0.74	0.00
Not Rated	0.17	0.00

Security Characteristics

	Portfolio	B.C. U.S. Agg Bond Index
Average Quality	AA2	AA1/AA2
Adjusted Yield (%)	3.36	2.83
Effective Duration (Yrs.)	4.29	4.30

Top Ten Credit Exposures

	% of Portfolio
Wells Fargo Capital	0.89
Barclays Bank Plc	0.70
General Electric Co	0.63
Goldman Sachs Group	0.62
Capital One Financial Corp	0.58
Citigroup Inc	0.57
Morgan Stanley	0.56
Comcast Corp	0.54
Arcelormittal Usa Inc	0.47
Xerox Corp	0.47

Alpha: A measure of risk-adjusted performance; expressed as an annualized rate, it is the return that would have been realized by the manager over a measurement period if the return for the market were zero.

Beta: The sensitivity of a portfolio's returns to changes in the return of the market as measured by the index or benchmark that represents the market. A beta of 1.0 behaves exactly like the index. Beta less than 1.0 suggests lower risk than the index; greater than 1.0 indicates a risk level higher than the index.

Tracking Error: A measure of how closely the returns of a fund tend to follow the returns of the index to which it is benchmarked, specifically, the variability of excess returns around the average.

Information Ratio: The ratio of excess returns above a market index to the variability of those excess returns, in effect, describing the value-added from active management in relation to the risk taken in achieving those returns.

R-square: The proportion of the variation in a portfolio's returns that can be explained by the variability of the returns of an index. High R-square (close to 1.0) is usually consistent with broad diversification.

Upside/Downside Capture: is a graphical depiction of the historical risk and return potential of a portfolio versus its benchmark. Upside capture measures how the manager performed when the market was positive, while the downside capture measures the degree to which the manager went down while markets were negative.

The sector, security, and credit exposures information is based on a sample account in the Composite that we believe best represents this investment management style. It should not be assumed that the adviser continues to hold the securities listed. Other accounts in the Composite might have slightly different portfolio characteristics. Returns-Based Characteristics are based on the Composite returns.

The performance above is offered as Supplemental Information only. Please see next page for other important disclosures.

SCHEDULE OF COMPOSITE PERFORMANCE

Year	Composite Returns (%)		Barclays Capital Aggregate Returns (%)	Number of Portfolios	Composite Dispersion (%)		Assets in this Composite (\$mm)	Percentage of Firm Assets (%)	Total Firm Assets (\$mm)
	Gross	Net			High	Low			
2009	10.10	9.72	5.93	10	12.54	8.47	3,118	5.06	61,599
2008	(6.44)	(6.77)	5.24	13	(4.13)	(11.52)	4,189	7.47	56,044
2007	5.97	5.61	6.97	14	6.59	4.97	5,018	6.75	74,322
2006	4.32	3.95	4.33	14	4.47	4.15	4,556	6.87	66,276
2005	3.25	2.88	2.43	11	3.37	3.10	3,162	5.36	58,983
2004	4.83	4.46	4.34	9	4.88	4.66	2,491	3.98	62,640
2003	5.02	4.66	4.10	8	5.15	4.39	1,201	1.92	62,704
2002	10.96	10.58	10.26	<5	11.01	10.92	720	17.90	4,025
2001	11.25	10.86	8.44	<5	10.85	10.85	617	22.33	2,763
2000	12.55	12.16	11.63	<5	12.55	12.55	204	11.14	1,835

The Firm has prepared and presented this report in compliance with the Global Investment Performance Standards ("GIPS").

NOTES:

- For GIPS purposes, the Firm is defined as all discretionary accounts managed by ING Investment Management Co. and its subsidiary ING Investment Trust Co., but not including collateralized debt obligation structures, long/short hedge funds, structured mortgage derivative portfolios, or specialized accounts supporting the reinsurance arrangements of affiliated insurance companies.
- Effective July 1, 2008, the Firm for GIPS purposes was redefined to exclude its affiliate ING Ghent Asset Management LLC ("ING Ghent"), as a result of the sale of assets managed by the ING Ghent portfolio management team. Previously, on December 31, 2003 the Firm was redefined for GIPS purposes to reflect the consolidation of ING business units and to provide the public with a more meaningful representation of the various investment strategies the Firm has to offer.
- "Composite Dispersion (%)" for each annual period is based on the gross returns shown (after transaction costs) and is equal to the highest and lowest annual return among the portfolios that are included in the composite for the full year.
- Fixed income derivatives such as futures or total return swaps may be used to replicate or hedge cash securities. Although no borrowing of funds (financial leverage) typically occurs, derivative instruments contain an element of economic and/or embedded leverage through their delivery of greater exposure to an underlying investment than could be obtained through the cash bond market. Thus, in addition to the risk of changes in market value of the security, certain derivatives are subject to credit risk with regard to the counterparty to those transactions, while others carry risk of loss due to changes in interest rates. In all cases, cash or other short term investments are used to collateralize the risk of changes in market value of the derivative instrument, but the use of derivatives may increase portfolio volatility and may reduce returns.
- Prior to December 31, 2002, the data presented is for the Core accounts managed by ING Investment Management, LLC, an affiliated adviser. During 2003, the management responsibility for these accounts was transferred to Aeltus, at which time the personnel responsible for account management became employees of Aeltus, continuing to manage the accounts.
- In January 2009, the lead portfolio manager(s) for this strategy changed. No substantial changes were made to the strategy's investment objectives or investment process as a result.
- Composite returns are calculated from discretionary Core Fixed Income portfolios managed with a view towards outperforming the index over rolling three-year periods by investing in investment-grade sectors of the fixed income markets.
- Returns are benchmarked to the Barclays Capital (formerly, Lehman Brothers) Aggregate Bond Index which does not incur management fees, transaction costs or other expenses associated with a managed account. It is not possible to invest directly in an index. Past performance is no guarantee of future results.
- All portfolios have been valued on a monthly basis. The composite has been constructed as a beginning-of-period asset-weighted average of each account's time-weighted return and includes reinvestment of income and capital gains.
- Prior to January 1, 2003, no portfolios were excluded based on size. Effective January 1, 2003, a \$25 million minimum has been set for inclusion in the composite.
- Valuation and returns are computed and stated in U.S. dollars.
- Fixed income derivatives such as futures or total return swaps may be used in portfolios that allow their use to replicate or hedge cash securities. Cash is used to collateralize the notional value of the derivative instrument ensuring that leverage is not employed.
- Gross performance results are calculated and presented after all trading commissions but before management fees, custody charges, taxes, and other indirect expenses. Net of fee performance results are calculated by subtracting a hypothetical management fee % from the gross return on a monthly basis and geometrically linking the results to produce annual returns shown. As such, the net performance results are net of both trading commissions and management fees, but before custody charges, taxes, and other indirect expenses. The hypothetical management fee is equal to the highest fee % level from any fee schedule currently offered for the strategy shown. While fee schedules can change over time, any amended fee %s resulting from a change will not be retroactively applied to performance history, but will rather be applied on a prospective basis from the point of the change.
- The annual management fee will vary according to the size of the account, and will depend on the type of investment vehicle selected. The fee schedule for an individually managed account for this strategy is: 0.30% on the first \$25 million; 0.25% on the next \$75 million; 0.20% on the next \$150 million; 0.10% on the next \$250 million; and 0.05% over \$500 million. However, fee schedules may differ for pooled trusts or other types of investment vehicles. Further information regarding applicable fee schedules is available upon request.
- This composite was created November 1, 2002. A complete list and description of the Firm composites and additional information regarding policies for calculating and reporting returns is available upon request.